Tuesday August 22 1989

D 8523A

#### CDU general De La Rue secretary sacked by Kohl

No.30,927

Heiner Geissler, the general secretary and chief strategist of West Germany's ruling Christian Democrats, said he was dismissed by Chancellor Helmut Kohl after heavy losses to the far right in elections this year, Page 16.

Prague springs alive Pelics wielding batons con-fronted thousands of protesters in Prague who assembled in defiance of a ban on demon-strations marking the 21 year anniversary of the Soviet-led invasion of Czechoslovakia. Page 16.

China cancels order China cancelled orders of 330,000 tonnes of steel from Japanese producers, blaming a shortage of foreign currency nd an austerity programme.

ANC wins backing The Organisation of African Unity endorsed a programme drawn up by the African National Congress outlining preconditions for talks with Pretoria. Page 3

Turkey seals border Turkey is to seal its border with Bulgaria today to stem the flood of ethnic Turkish refugees, more than 300,000 of whom have crossed since May.

Parish Remainder of the Walter of the Sandard of th

Socialists propose

The Japan Socialist Party formaily announced significant changes to traditional policies and undertook to maintain the Japan-US security treaty should the party head a coali-tion government. Page 3

#### Burma deal

The Burmese Government authorised setting up a joint venture between a Singapore comminy and two state-owned ventures. Page 5.

iranian appointment iran's President Rafsanjani strengthened the hand of his moderate clique by naming Hassan Shrahim Habibi, a French-trained former justice minister as first vice-president Page 8

Japan to Hollywood JVC, the Japanese electronics giant, said it is going into the film business in partnership with Hollywood producer Lawrence Gordon, a former president of 20th Century Fox.

#### Israeli protest

Israel's Tourism Minister demanded an explanation from the Defence Ministry after troops said to be disguised as tourists shot dead a Palestinian in the occupied West Bank town of Bethlehem. Page 3

#### Conservationist dies

George Adamson, British conservationist and husband of Joy Adamson who wrote "Born Free" about their experiences rearing lions, was shot dead at home in Kenya. Page 3

Sydney mulis curbs Australia may have to curb immieration and set a popula tion ceiling of around 25 million at some time, the immigra-

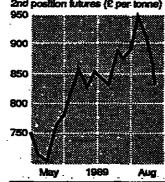
Hotel du Nord threat The hotel that inspired Marcel Carne's 1930's cinema classic "Hotel du Nord" is threatened with demolition but the film's director, leading lady now in her 90s and other Parisian artists have leapt to its defence.

# rejects **Norton Opax'**

which produces bank notes for more than 80 countries, rejected as "opportunistic." a £478m (\$755m)takeover hid from Norton Opax, specialist printing and packaging group. Norton's chief executive, Richard Hanwell, launched reported a 59 per cent collapse in pre-tax profits to £26.3m for the year to March 31. Lex, Page 16; Page 17

COCOA: prices on the London Futures and Options Exchange fall sharply, with December contract closing at £87, as it became clear most of the Ivo-

Cocoa



rian beans covered by a large deal signed early this month were already committed in the market, Page 28 and Page 5

insurance business would be made four months ahead of schedule, on September 1.

gainst US securities houses

US banking group, sold 45 per cent of Korea Industrial Leasing for about Y9bn (\$63m) to Nippon Credit Bank of Japan while Hongkong and Shanghai Banking sold its 50 per cent ing. Page 18

JAPANESE investors could return the UK trade deficit to surplus within six years and account for a tenth of British manufacturing output by 2000, Nomura Securities of Japan

product groups. Page 25 HITACHI, Japanese electric machinery maker, is soon to finalise plans for an integrated semi-conductor plant in west-ern Europe, possibly in West Germany as a reaction to the

UMW Holdings, Malaysian automotive group hit by introduction four years ago of the Proton car, begun a 58m ring-git (\$19.7m) debt restructuring

BRITISH Airways: UK flag carrier, is expecting a return to normal working today end-ing four days of disruption to its domestic and European ser

#### MARKETS



Federal Funds 818% Y142.525 (142.6) (8%) 3-mth Treasury Bitis: 3-min Treasury Bills: DM1.9515 (1.9500) yield: 8.123% (8.09) FF-6.5800 (6.5950) Long Bond: 100 & SF1.6805 (1.8850) y142.40 (142.75)

3-month interbank close 1312-1313%

yield: 8:114% (8.15)

New York h \$1,5765 (1,566) \$1,5785.(1.5655) DM3.0800 (3.0625) FFr10.3875 (10.3250 SFr2.6525 (2.6400) Y224.75 (223.50)

\$374.2 (373:9)

FT-SE 100 2,374.7 (-0.4) DOLLAR 152.26 (Frl) New York lunchtime CM1.95405 (1.95675) FFr8.5910 (6.5965) Tokyo Nikkei Ave 35,140.83 (+77.69)

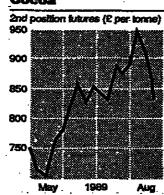
1,970.0 (+24.8) OIL Brent 15-day (Argus) \$17.09 (+0.095) GOLD (September)

West Tex Crude

New York latest \$18.505 (+0.12)

# £478m bid DE La Rue, security printer

the bid with an attack on the leadership at De La Rue, which



UK gross domestic product fell for the first time in nearly four years in April to June as interest rates and problems with North Sea oil production hit output, the Government said. Page 6

DEUTSCHE Bank, West Germany's biggest, said its long-awaited move into the life

JAPANESE security houses: the US Federal Reserve said it found no discrimination in the Japanese government bond market and that the four Japanese primary dealers in the Treasury bond market would be allowed to continue

MANUFACTURERS Hanover, share in Wardley Summa Leas-

forecast. Page 8

**GECHEM**, Belgian chemicals group, is to sell its Omnichem fine chemicals unit to Ajinom-oto of Japan for BFr3.87bn (\$94.4m) and focus on two main

recent concentration of Japa-nese investment in Britain.

scheme. Page 26

RABOBANK, big Dutch co-op-erative bank, said net income jumped to Fl 443m (\$201m) from Fl 374mn as costs rose more slowly than income and lending to agriculture reached a record. Page 19

vices. Lex Page 16; Page 7

STOCK INDICES

New York lunchtime Dow Jones Ind. Av. 2,672,61 (-15.36)

344.08 (346.03)

crackdown on the country's drug traffickers yesterday, detaining more than 10,000 peo-ple and seizing helicopters, property and cars worth mil-lions of dollars, and more than 4 tonnes of cocaine paste worth about \$500,000. The United States, which is

preparing its own \$85m plan to fight drugs, has strongly backed the assault, and has said that it is ready to respond to Colombia's decision to waive extradition procedures for sus-pected members of the drug

COLOMBIA extended its The crackdown follows the murder last Friday of Senator Luis Carlos Galan, a leading presidential candidate and an outspoken opponent of the

By Lionel Barber in Washington and Sarita Kendali in Bogota

outspoken opponent of the drug barons.

After the killing, President Virgilio Barco declared a state of siege and announced emergency decrees empowering the Government to summarily extradite drug traffickers, several of whom are sought by the IIS.

The Colombian Defence Ministry reported that 10,450 peo-ple had been detained in 321 raids, with new raids and arrests being reported hourly. But many of the leading fig-ures involved seem to have

Thousands arrested as Colombia extends crackdown on drugs

Among the sites raided were buildings and ranches in and around the industrial city of around the industrial city of Medellin owned by Mr Pablo Escobar, alleged to be one of the biggest cocaine traffickers. Properties owned by the family of Mr Jorge Ochoa and by Mr Gonzalo Rodriguez Gacha, two other trap alleged cocaine deal. other top alleged cocaine dealers, were also raided.

The US Administration said yesterday it was ready to respond to the Colombian Gov-

ernment's initiative on extradition. But Mr John Sununu, White House chief of staff, played down expectations of a swift extradition of any of the leading members of the

cocaine cartels. He distanced the Administration from hints by Mr Richard Thornburgh, US Attorney Gen-eral, that the US would respond favourably to a Colombian Government request for US military assistance to fight the cartels.

Mr Sununu told reporters in Kennebunkport, Maine, where President Bush is taking his

summer holiday: "It's a choice that has to be made by Colom-bia, by the President of Colombla himself, and we are doing nothing that will be construed as interfering with the flexibil-ity that he has." Colombia is thought unlikely to request military support, which would

be very unpopular.
On Saturday, President
Bush, responding to the assassination of Senator Galan said the US was prepared to co-ordinate as "expeditiously as possi-ble" the extradition of Colombian drug dealers. And he said President Barco's reinstate-

ment of extradition was "courageous."
Mr Bush is about to unveil a national strategy aimed at curbing drug abuse in the US in a televised speech to the nation on September 5. This will include a proposal for a slight increase in economic aid to economic and the services producing countries. to cocaine producing countries such as Colombia, Bolivia and Peru. Mr Sununu said the US provided about \$15m a year in economic and military assistance to help Colombia deal with the drug problem.

Caribbean connection, Page 5; War on drugs, Page 16

# **Polish Communists** weigh coalition as tension mounts

By John Lloyd in Warsaw

THE POLITBURO of the Polish United Workers Party (the Pol-ish Communist Party), meets today to determine on what terms it will participate in a Solidarity-led coalition amid signs that it is preparing for confrontation with Solidarity. The political tension is

increasing at the same time as the economic climate deterio-rates. The strike wave – due to be swelled today by medical workers in Warsaw and Poz-nam – rolls on while in the dominant state sector, Parliament's refusal to ratify the budget has deprived enter-prises of funds to give pay rises. Exports last month were said last night to be "danger-ously low," while prices of basic foodstuffs still spiral

Mr Marian Jurczyk, a member of Solidarity's collective leadership, yesterday burst the bubble of elation over the nomination of Mr. Tadeusz Mazowiecki as Prime Minister.

He wrote in Gazeta Wyborcza, the Solidarity daily paper:
"I do not predict the new Government's existence for more than a few months. the mood of the people has become very radical. The price rises have put the people in a tragic position and nothing seems to indicate that this present spiral can be stopped. . . an explosion is inevitable."

Senior Communist officials left Warsaw yesterday to thrash out a plan for coming days of political bargaining and struggle. However, in a statement from the Central

Committee on the front page of debate on Saturday, at which Trybuna Ludu, the party news- 28 members spoke, also paper, the PUWP ranks showed themselves to be angry, and seeking for a way, to "strengthen our power in the

It seems that the reformist tendency, until now firmly in the driving seat, is under severe attack by those Commu-nists who blame it for having conceded too much in the round table talks, botched the June elections and failed to make any headway against the country's economic crisis.
The usual Central Commit-

tee statement says starkly that the situation "is becoming more and more danger-ous. . . the political destabilisation and the prolongation of the present state of the econ-omy is causing a growing bit-terness and fatigue in our citi-

It criticises its former coali-tion partners, the Peasants' and Democrat Parties, for joining Solidarity, reminds them that they owed their seats and privileges to the PUWP and goes on to make an apparent threat to split them, by saying it "counts on future co-operaants and Democrats parties who are faithful to the ideals of the Round Table and the accepted agreements" move which would seem to ge an attempt to deprive Mr Mazowiecki of a parliamentary majority. The Sejm (lower house) is due to confirm him as The Central Committee

suggested - according to the party newspaper - that the Communists should seek new allies among coalition party members "to accept the com-mon values of socialism."

At the same time, however, the Central Committee reaffirmed its intention to take part in a coalition - but only on the basis of "accepting the new Government's program-matic platform and political structures which should happen before the Seim accepts the Prime Minister." That either suggests that the Party will attempt to agree a com-mon programme with Solidar-ity before tomorrow - a practical impossibility - or that it will oppose Mr Mazowiecki and seek to destabilise him.

"Poland needs reforms. Only work on the concrete shape of these reforms gives credibility to the political forces active in out country. No one will achieve that through a policy of threats and blackmail," Mr Walesa said.
The Soviet Union-maintained.

its low-key reaction to events in Poland with a short Foreign "the formation of a Polish government as a domestic matter for the Poles". However Mr Yuri Gremitskikh, deputy head of the Foreign Ministry Infor-mation Directorate, said Moscow could not view the negotiations over the formation of a government in Poland Moscow's reaction, Page 2

#### 'Loophole' in rules for cutting US deficit

By Anthony Harris

MR RICHARD DARMAN, the US budget director, yesterday called for a tightening of the rules for cutting the US fiscal deficit, saying that they con-

tained "a giant loophole." Under the existing Gramm-Rudman-Hollings (GRH) deficit reduction rules, the 1990 deficit will reach \$116.2bn on the basis of existing legislation, according to the Admin-istration. But the projected deficit has been kept under control by exploiting a rule which allows increases in expenditure made after the start of a financial year to go uncounted for deficit-reduction purposes.
This "giant loophole," as Mr

Darman termed it, has been used this year to accommodate the first \$20bm of the cost of liquidating bankrupt savings and loan institutions (S&Ls).

The capital cost of this operation would not in any case have been counted for GRH

purposes. Congress, which had called for a waiver of GRH restrictions for the S&L reconstruction, has agreed to the alternative Administration olan for a refinancing corporation which is off the budget. However, the loophole has

also been exploited for pure window-dressing for example, salaries in the armed services have been paid early so that the expenditure will not appear in fiscal 1990. It is such evasion, which has becom annual event, which Mr Darman wants to eliminate.

But he added that any attempt to reform GRH rules should wait until Congress and the Administration agree on a deficit reduction strategy for 1991. This, it is generally



Sheehy: problem with market rating

# BAT defends record in face of hostile bid

By Nikki Tait in London

from Sir James Goldsmith's Hoylake consortium, yesterday said its programme of diversifi cation had been well-founded and that the group was "in good hands and has excellent

prospects." It backed up the case made in its first defence document by releasing - several weeks ahead of schedule - interim figures which showed a 20 per cent rise in pre-tax profits to £811m and a dividend increase.

BAT Industries, the tobacco-based conglomerate fighting a £13.5bn takeover bid However, in his letter to shareholders, Mr Pat Sheehy, chairman, also acknowledged However, in his letter to the problem of BAT's market rating: "We have, of course, been concerned for some time about the value of your shares on the stock market compared with the underlying value of the businesses." he said. "We have, for some time,

been considering ways in which this gap can be elimi-nated; clearly this task is now more urgent."

However, Mr Sheehy later Continued on Page 16

#### CSFB proposes measures to Continued on Page 16 help Eurobond underwriters

By Andrew Freeman in London

MEASURES designed to restore profitability to under-writers hit by sharply intensi-fied competition in the London Eurobond market, have been suggested by Credit Suisse First Boston (CSFB), one of the market's leading banks.

The market, which raises more private capital for bor-rowers than any outside the US, has become chronically unprofitable over the last two years as too many banks have been competing for business. Despite high issue volumes

and turnover, most banks have lost money. Yesterday Pruden-tial-Bache became the latest casualty when it announced its withdrawal from the market. CSFB's action in outlining proposals intended to give investors more confidence in the new issue market, was seen as an attempt by the bank to gain the initiative in what

has become a public and some-times bitter debate between leading banks on how they should conduct the underwriting of new bond issues. Last week, Morgan Stanley, a US house, broke new ground

CONTENTS

when it launched a \$500m deal

Sweden sets a new course for

Mr Kyell-Olof Feldt,

the Finance Minister

has proposed in the

Party's blueprint for

in the public sector

increased to 5-7 per

over the next five

years should be

cent of GNP.

Page 2

Social Democratic

social democracy in 1990s

for New Zealand using a procedure for syndicating bonds derived from typical practice in the US domestic bond market. CSFB concentrated its attention on the so-called primary market, where new bond issues are syndicated among banks before being sold to investors.

Among the measures it advocated were: increasing price transparency on the new issue market by encouraging wider trading of new issues during the period in which they are being distributed.

e tightening disclosure requirements for banks which act as lead managers of new issues so that investors know more about how many bonds

ers and underwriting banks outlining proposals to reform the new issue market in Euro-

He said the paper aimed to stimulate debate between leading banks on why the new issue market had failed to match improvements on the secondary market in Euro-

CSFB also announced a reorganisation of its syndication operations. From September 5, the bank will begin trading of new Eurobond issues in an effort to increase the price transparency of the market. It will trade its own new issues as well as those by other banks. The move is designed partly to reduce investors' dependence on independent brokers.

The initial reaction from other banks was mut-ed - many did not receive the document until late in the day. However, one official commented that the measures suggested by CSFB were not specific enough. He said the primary market was efficient as a professional market and that end investors had access to transparent prices on the secondary market. Editorial comment, Page 14; Background, Page 17

# uted to investors.

have been distributed. changing the way banks set the fees they charge borrowers for underwriting new issues. Mr Hans-Jörg Rudloff, CSFB chairman and a leading figure in the market, said that the bank had sent a discussion paper to a selection of borrow-

> Central America: Letting Reagan's backyard slip away

world ... market licked Editorial Comments New thinking for defence; the 1990s that savings Strains in the Euromarkets ... Britain: Competitors in white coats Foreign Affairs: Closing door to sanctuary . 15

> trade; Plessey .... Financial Futures ... International bonds ..... Intl. Capital Markets ..... Unit Trusts

Afghanistans The most political people in the nts Problems of getting S Korea's

Lext BAT; British Airways; Norton Opax; UK -Wall Street -London ..

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# E German exodus blamed on lack of reform low-key reaction

By David Marsh in Bonn

THE WAR of words between East and West Germany over the flood of refugees from the East sharpened yesterday as the Bonn Government blamed the exodus on East Berlin's refusal to bring in more freedom and political reform.

As the tide of East Germans fleeing to the West across the Austrian-Hungarian border showed no signs of letting up, the East German media denounced the mass weekend departures - when more than 800 people crossed into Austria as a "spectacle" orches-

trated by the Western press. The tide of departures on Saturday and Sunday - the greatest surge out of East Ger-many since the building of the Berlin Wall in 1961 - represented a "phenomenon sur-passing all previous limits," Mr Hans Klein, the West German

Information Minister, said Further departures continued yesterday, and more than 1.000 East Germans are reported to be waiting in the border area of western Hun-gary to cross the frontier into

In a half-whimsical answer to a question at a news conference, Mr Klein appeared to suggest that Mr Erich Honecker, the East German leader, should step down. He qualified the remark by saying it was senseless to talk about "near-Utopian things." agency, ADN, in an attempt to quell speculation about Mr Honecker's state of health, said the East German head of state was recovering after a gallstone operation last week.
The four-line official statement followed several weeks of

Mr Honecker, who will be 77 this week, was forced to return suddenly for medical treatment from a Warsaw Pact summit in Bucharest on July 8, before departing on what the East German media described as his summer holiday. Last week, he reappeared in public for the first time in five weeks, before apparently going into hospital on Friday.

The mass flight of citizens

rumours about his future.

from East Germany - which has lost roughly 20 per cent of its population since 1949 through emigration to the West - represents one of the toughest trials for Mr Honecker since he took over the communist party leadership in 1971. Mr Helmut Kohl, the West

German Chancellor, is assembling experts later this week to try to come up with ways of alleviating problems caused by the refugee stream. According to the Inner German Ministry, more than 55,000 East Germans crossed into the Federal Republic by legal and illegal means in the first seven months of the year These



ing strain on the country's Mr Klein pinpointed the dilemma when he said yester-

ready to give the eastern part less if it simply resulted in of the nation economic help so that East Germans would be But such aid would be useday that West Germany was

East German refugees line up for lunch supplied by a West German relief organisation in Budapest the East German system rather than opening it up to Western

# Turkey will close its frontier with Bulgaria today

By Jim Bodgener in Ankara

TURKEY is closing its border with Bulgaria today in an attempt to stem the flow of thousands of ethnic Bulgarian Turks who have sought refuge in the country. The influx of 300,000 ethnic Turks from Bulgaria has already overstrained social resources, particularly in the north-west region of

The decision to close the bor-Bozer, the Deputy Prime Minis-

**EC** power

plants cut

By Tim Dickson in

coal imports

PUBLIC POWER stations in

the European Community used marginally less imported hard

coal last year than in 1987, but

supplies from non-EC coun-

tries for steelworks and colliery coking plants rose mark-

The figures are available in a new "rapid report" on

Energy and Industry issued by

the European Commission's

to these two most important

Deliveries of hard coal to

power stations totalled 183.2m

tonnes, 3.1 per cent less than in the previous 12 months.

Coal was a particularly important element in electric-

ity generation in coal-produc-

ing countries, namely Britain

(84m tonnes, against 84.5m

tonnes the previous year). West Germany (42.1m tonnes

against 43.3m), and Spain

that "looked at from the point

of view of secure energy sup-plies on the one hand and elec-

tricity generating costs on the other, it is significant that

141.9m tonnes, or 77.5 per cent

The Commission observes

(19.9m against 19.8m).

It shows that 80 per cent of the 253m tonnes of all the coal used in the EC last year went

statistical office.

ter, after an emergency cabinet meeting yesterday which also decided that Bulgarians wishing to enter Turkey would

need visas in future.

The arrival of the ethnic Turks began last May when the Bulgarian authorities liberalised their travel regulations as well as expelling some of the leading members of the the leading members of the ethnic Turkish community. The latter had become increasingly vocal in demanding cul-

tural rights for the 900,000strong minority.

For its part, Bulgaria yester-day denounced Turkey's deci-

sion, saying it was contrary to Ankara's commitments to accept all ethnic Turks wishing to leave Bulgaria. The Turkish authorities said

yesterday they had already informed their Bulgarian coun-terparts of the decision and again called for talks to regulate the migration of ethnic Turks. The matter is compli-cated even further by Sofia's continuing denial of the existence of an ethnic Turkish minority in Bulgaria.

This policy led to a cam-paign in 1985 during which the ethnic Turks were forcibly assimilated and compelled to

adopt Bulgarian customs and Ankara's decision yesterday is likely to lead to a wave of protests, on the grounds that

the Turkish authorities are introducing a discriminatory policy towards the Bulgarians. it has already been criticised sharply by Professor Erdal Inonu, leader of the main opposition Social Democratic Populist Party, who accused the Government of a hasty decision. His pieces were school by sion. His views were echoed by Mr Suleyman Demirel, former Prime Minister and leader of the third largest parliamentary grouping, the True Path Party.

#### Amsterdam has long shown how to make the most of the bicycle Brussels promotes pedal-power

By Tim Dickson in Brussels

AS THE coporate world gears up to a barrier-free Europe by 1992, it appears that moves are afoot to make trans-European pedalling easier and safer for the European Community's

Mr Karel van Miert, the Transport Commissioner, indicated yesterday that plans to make EC roads safer for the Community's most ecologically-sound form of transport are being considered in Brussels. Speaking at an International Cycling Conference in Copenhagen, he called for improved

could be harmonised across Europe "to increase the mobility of man and his machine". Mr van Miert, himself a keen cyclist like many of his fellow Belgians, painted a rosy picture of cycling as an activity which cuts down pollution, traffic jams and noise, contributes to energy conservation, and improves the practitioner's

Although latest statistics showed a 30 per cent increase in bicycle ownership over the past 20 years, he appealed for more people to take to the sadwere 133,000 accidents and 2,800 fatalities in the EC. The Commission, he said,

was studying an external report, whose conclusions would form the basis "for putting forward possible proposals for a European policy."
In order to increase the use

of bicycles as a means of trans-port, he added, it would be necessary to improve the safety of the appropriate infrastructure, such as having separate roads for different types of traffic where possible or at least creating special and clearly marked lanes for cyclists.

#### Hungarian leader 'wants to retire'

MR KAROLY GROSZ, general secretary of Hungary's Com-munist Party, wants to retire at a special congress beginning on October 6, according to a senior Communist Party official, Reuter reports from Buda-

Party headquarters declined comment, but a press statelater yesterday.
The Government daily, Mag-

yar Hirlap, reported that Mr Pal Ivanyi, central committee secretary, told a meeting on Sunday: "According to my information, Karoly Grosz wants to go into retirement

after the Congress." Mr Grosz, 59, has been overtaken by the wave of reforms he unleashed by ousting Mr Janos Kadar as Hungarian leader in May 1987. He is now, however, regarded as a conservative.

In June, though retaining the title of general secretary, he lost power when a four-man party presidium was created headed by Mr Rezso Nyers as party president. The party faces, by mid-1990,

Hungary's first nationwide multi-party parliamentary elections since 1947. "He is a man who opened the

flood gates, got swept away by the tide and was drowned," one Western diplomat said, noting a remark from the French Revolution that such

# Moscow maintains to Polish events

SOVIET UNION yesterday maintained its low-key reaction to events in Poland with a short Foreign Ministry statement describing "the formation of a Polish gov-ernment as a domestic matter

ernment as a domestic matter for the Poles".

However, issuing the state-ment, Mr Yuri Gremitskikh, deputy head of the Foreign Ministry Information Director-ate, said that Moscow could not view the negotiations over the formation of a government in Poland with indifference. "Our two countries have long been tied by close rela-tions ... and have a broad asso-ciation covering many

spheres."
He said the Soviet Union hoped that the "political forces" in Poland would act constructively to find a solu-tion which could take the country out of its crisis.

The brevity of the statement reinforces the view that Soviet

officials do not dare to be drawn at this stage into show-ing either approval or contempt for the nomination of Solidarity's Mr Tadeusz Mazowiecki as Poland's Prime Min-

Any detailed declaration on the matter from Moscow would upset either the leaderships of the hard-line states in Eastern

power to renew society, a project which has always been initiated by the Party itself.

Europe, or the delicate political balance that is now being struck in Warsaw.

Yesterday, Pravda, the Com-munist Party paper, published an article jointly written by its own correspondent in Wasaw and the correspondent of the Novosti Press Agency, admitting that the Polish Communist Party is undergoing "one of the most difficult periods in its history."

"The concept of a new coali-tion between Solidarity, the Peasants party and the Demo-cratic Party is appearing a more and more realistic pros-pect for its potential partners," write the journalists, hinting, perhaps, that the Communists should play a full role in this

formation.

They also add that "a unification of the Party ranks is now needed, together with a consolidation of all the Party's

# **Brussels lobbied over** mortgage finance plan

By David Barchard

EUROPEAN mortgage lenders EUROPEAN mortgage lenders are lobbying the European Commission in a last-ditch effort to prevent the dropping of proposals for a separate Mortgage Credit Directive to regulate mortgage finance inside the Community.

They are privately warning that unless progress on the Mortgage Credit Directive is resumed, there will be little prospect of establishing a single market in Europe for housing finance after 1992

gle market in Europe for nous-ing finance after 1992.

Mr Mertens de Wilmars,
President of the European
Community Mortgage Federa-tion, has written to Sir Leon
Brittan, vice—president of the
Commission, urging the
resumption of work on a sepa-rate mortgage finance direcrate mortgage finance direc-tive. Work on the directive was halted in May after claims that

much of its contents could be covered by the Second Banking Directive, the general legal framework for Community banking activities, which is to be formally adopted. The federation says that the

articles in the Second Banking Directive applying to mortgage finance are too limited to have any general application. "With only the Second Banking Directive in force, I do not think that we can envisage a single market for mortgage finance in Europe," said Mr Leo Mullender, the federation's

secretary-general.

One of the main problems facing advocates of a separate directive for mortgage finance is that France, the current president of the Community, has cooled towards the idea in the lest few reaches the last few months.

#### Mismanagement claims over vaccine for horses

By Tom Burns in Madrid

SEVENTEEN thousand restrictions. vaccines, flown in from South authorities in the southern Spanish region of Andalucia yesterday in a desperate effort to stem an outbreak of a horse sickness that has killed 107 animals in less than a month. But even as the veterinarians went to work there were

allegations of mismanagement by the Andalucian regional government for the precious vaccines had been held up at London's Heathrow airport for two days and were believed by horse-owners to have lost their effectiveness.
A statement issued by the

Agriculture Ministry in Madrid saying the vaccine remained potent for a seven-day period did little to still mounting fears that too little had been done too late.

The epidemic was first reported more than two weeks ago and it may take another month before sufficient vaccine arrives to innoculate the more than 6,000 horses in Andalucia.

Accusations of incompetence were fuelled by the fact that the epidemic first struck horses in southern Spain and Last year, and again this reported among the poloponies stabled at the resort of Sotogrande, near Gibraltar. Mr David Stirling, an Argen-

tine who runs the stables, said yesterday he had lost seven out of 245 polo ponies since the beginning of August and that one mare was "so-so". He said all his horses had been vaccinated and that the incubation period did not end until later this week

Mr Sterling, who has can-celled 85 polo matches this month, said he reported the horse sickness as soon as it resurfaced. "Others may have simply buried their horses without telling the authorities and there may well be a break

in the epidemic's chain." Horses affected run a high fever, their eyes and their chests swell and they are usually dead in 72 hours.

Concern now centres on the province of Huelva, alongside the border with Portugal where 46 horses have died in a matter of days and a further 56 have been put down.

Officially there were no cases of the epidemic in Huelva last year and a local veterinarian said yesterday he was "astonished" that the horse sickness had struck in

### Cabin staff disruption hits Sabena flights

A work-to-rule by 1,200 air stewards and air stewardsasss

stewards and air stewards are caused disruption on all Sabena flights leaving Brussels yesterday. Tim Dickson reports from Brussels.

The industrial action, which involved staff turning up two hours late for their duties, came after talks aimed at finding a solution to the dispute ing a solution to the dispute between management and cabin staff had ended without

agreement.
Sabena, Belgium's national carrier, said delays had generally been limited to two hours and only one flight to London had been cancelled.

The unions representing the disaffected workers have threatened to keep up their action until Thursday unless a settlement can be reached. The dispute centres on their claim for reinstatement of the retire-ment bonus paid on contracts

before 1978. Sabena says the unions agreed to end the bonus in return for a 5.5 per cent a your wage rise over the next 10

Hungary aid talks

The European Community will convene a second meeting of 24 nations in Brussels at the end of September to follow up its August 1 talks on aid for Poland and Hungary, an EC official said yesterday, Reuter reports from Brussels.

It was too early to tell how the appointment of Mr Tadeusz Matoralecki as Poland's prime

Mazowiecki as Poland's prime minister would affect aid plans, although it was hoped he would be able to form a government to get the country's alling economy going, the official added.

This month's meeting of

This month's meeting of leading Western industrialised nations yielded a new pledge of food aid for Poland from the US. Austria and Switzerland also said they would help.

Cyprus plan rejected Turkish-Cypriot leader Rauf Denktash said yesterday he would not negotiate the reunification of Cyprus on the basis of ideas put forward by the United Nations, Reuter reports

from Nicosia.

Addressing a crowd outside the assembly of north Cyprus, which was debating in closed session the future of the UNsponsored negotiations, Mr Denktash said a UN blueprint submitted to the two sides last worth was not a document. month was not a document. He said it should not have

been presented, adding: "If those ideas are on the table...we will not go to the talks. Turkish Cypriots have sharply disagreed on the UN suggestions for a federal repu-

lic, which Cyprus President George Vassiliou has said he will accept as a basis for talks. Mr Denktash has accused the UN of collaborating with the Greek Cypriots in prepar-ing the blueprint and further charged that the American Central Intelligence Agency (CIA) was trying to oust him to achieve a Cyprus settlement.

France helps Tunis

France has granted financial aid to Tunisia totalling FFr1.06bn (\$165m), France's Economy Minister, Mr Pierre Bérégovoy, said yesterday, Reuter reports from Tunis. He and Mr Mohamed Ghan-

nouchi, the Tunisian Finance Minister, had signed four financial aid accords and a fifth for the supply of 50,000 tonnes of cereals. For the first time, the accords included a line of credit of FFr100m to promote French investments in Tunisia.

The two countries had decided to revise their 1972 investment agreement to offer greater incentives and promote the establishment of French enterprises and joint ventures in Tunisis.

Brittany 'quake

Furniture trembled on the tiny French island of Sein yesterday, as the north-west region of Brittany experienced its strongest earthquake for 30 years, Reuter reports from

Seismologists said the quake registered 4.5 points on the Richter Scale. Tremors were felt as far as the coastal town of Donarnenez

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#### of total input, came from the Community." The proportion in 1987 was 77.2 per cent. actions devour their own chil-Imports last year came access to railway and bus stadren. Mr Grosz failed to turn up as advertised at the public meeting attended by Ivanyi on Budapest's Margaret Island on mainly from the US (12.1m tions, urged the construction of At the same time Mr van Proper tuition on road safety killed at least 150 exactly a Miert acknowledged that cycling could be hazardous. In 1985, the last year for which figures are available, there tonnes against 9.5m. tonnes in proper bicycle parking facili-ties to protect owners against in schools ought to contribute to road safety in general and year ago. This spring the Andalucia government authori-1987). South Africa (unchanged at 8.9m), and Ausmore frequent use of bicycles in particular. theft, and suggested that insurties declared the epidemic to be tralia (6.1m against 10.3m). ance and customs formalities over an lifted quarantine Sweden sets a new course for social democracy in 1990s

The ruling party has drawn up a blueprint with significance way beyond the country's shores, writes Robert Taylor S THE most successful exponents in theory and practice of social democracy, the Swedes have often provided an inspiruling Social Democratic party's blueprint for the 1990s, published at the weekend, will be read and moni-

The primacy of environmental issues in the new manifesto reflects contemporary realities in Swedish politics. The Social Democrats are taking a broad view of what the environmental question covers, beyond their non-nuclear energy policy. They are insisting that it will also need a new approach to labour market policies requiring a funda-mental restructuring of industry to abolish many dirty and stressful

tored with interest far beyond Swed-

Through better training and more flexible working time, the goal is to transform the nature of work, giving greater freedom of choice to the individual, but within the commitment to full employment, which the Social



Finance Minister Feldt: call for public sector savings

More controversy can be expected over some of the programme's eco-nomic proposals, which have a liberal flavour with a commitment to

tax reforms to increase personal incentives and savings as well as harmonisation with the European Community's internal market.

It backs the need for economic growth but supports the present tight fiscal policy and the need for more effective measures to combat wage push inflation, most notably through a return to centralised wage bargaining within a pay norm determined by what the economy as a whole can afford.

This may be an ideological commitment within the traditional Swedish commitment to wage solidarity between workers, but it is doubtful whether in the present overheated and competitive domestic climate it stands much real chance of success More specifically, the document calls for greater savings in the next decade by suggesting that over the next five years savings in the public sector should increase from the pres-

ent 2 per cent of gross national prod-

uct to 5-7 per cent. This would mean

raising SKr60bn (£5.75bn) a year. This key proposal comes from Mr

kjell-Olof Felat, the Finance Minister, who sees it as a sensible method of providing the means to raise more risk capital for the necessary industrial restructuring. The public pension funds and public insurance system would be encouraged to participate in the stock market by buying into private industry, a proposal that has alarmed some industrialists already trialists already. The Swedish party also intends to give higher priority to reshaping the country's huge public services sec-tor, where one in three workers is now employed. The document rejects the solution of privatisation for the welfare system but it bluntly underlines that future demands cannot be met - as in the past - through

Kjell-Olof Feldt, the Finance Minis-

higher taxation. Instead, there must be more cost-effective and productive use of public resources in a value-for-money service that puts the customers first through the move to greater decentralisation to local authorities and the introduction of more freedom of choice for people within the

The whole programme is based on an interesting philosophical revision of what social democracy stands for. The authors, who include Mr Feldt as well as, Mr Stig Malm, the main blue-collar union leader, assert that it stands for improving the freedom of the individual to lead a good life. The document admits there are clear limitations on how far political action can bring about the condi-tions for its achievement but insists that the provision of security and

universalist principles are necessary to ensure that everybody — not just the few — have the opportunity to fulfil their hopes and aspirations. But the document is candid enough to recognise that many young people in Sweden are cynical about and disillusioned with the political system, and the Social Democrats are too often identified with the big institutions and a power

collective public services based on

structure which no longer identifies itself with the people whose demands it is expected to meet. There is little sign of the old class war language of the Social Demo-

crats in the document; nor any radi-cal attack on the nature of private capital. But the authors are keen to reassert the moral basis of social democracy. In the words of its main writer, Ms Anna-Greta Leijon, a former Justice Minister, the party is different to others in its commitment to a particular ethical code.
Such high-mindedness is a familiar characteristic of the Swedish

lar characteristic of the Swedish party, giving it a special flavour that has a resonance in a country where social disciplines and respect for authority remain surprisingly strong. Whether it will travel elsewhere to more individualistic laissez faire societies, such as Britain, is debatable.

Yet, in the breadth of its coverage the new strategy document does not suggest that the Swedish Social Democrats, despite almost half a century in continuous power, are bereft of ideas. In its blend of idealism and pragmatism the document lies within the party's tradition as a further refinement of the enduring synthesis between market economics



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MR RENE ALA, the French

ambassador to Lebanon, yes-terday tried to calm the anger

aroused among Lebanese Mos-lems by the French military build-up off the coast of Leba-

non. The deployment of five

French warships to the eastern

Mediterranean has provoked threats against France and against US hostages held in

As he left an hour-long meet-

ing with Dr Selim el-Hoss, the Prime Minister of the Moslem

government in West Beirut, Mr Ala said: 'No way, no military

intervention. France does not

b e l i e v e in a military solution

His statement came as senior

Foreign Ministry officials of

the 12 European Community countries met in Paris to put together a joint EC aid plan for Lebanon. French officials indi-

cated that they hoped to draw up a plan to bring urgent food and medical supplies to Beirut, and also to evaluate what

could be done in the longer term, if a ceasefire should be

achieved. The Foreign Ministry

political directors were due to continue their discussions with

working dinner last night.

A communique issued in Beirut on Sunday night by the

Revolutionary Justice Organi-

sation threatened to harm Mr Joseph Cicippio and Edward

Austin Tracy, two American hostages held in Lebanon, if the US did not prevent France



Zepharia Mothopeng (right), the PAC leader, yesterday with ANC's Alfred Nzo and Steve Tshwete

# OAU agrees conditions for any Pretoria-ANC talks

THE Organisation of African Unity has endorsed a pro-gramme drawn up by the African National Congress outlin-ing its preconditions for talks with the South African Government and proposals for an interim administration which would draw up a new constitu-

The endorsement, given yesterday at an OAU subcommittee meeting in the Zimbabwean capital of Harare, gives formal approval to an ANC document drawn up after consultations with groups inside South Africa's anti-apartheid movement and the southern African front line states.

While the paper contains no initiatives on the resolution of South Africa's political problems, it is significant in its pre-sentation as a definitive document on the ANC's negotiating

The ANC maintains its stance on the pre-conditions for talks with Pretoria. It calls for the release of all political

THE FIRST round

preliminary peace talks between Sudan's new military

jumta and the rebel Sudan Peo-

ple's Liberation Army, aimed

at resolving the country's six-year civil war, have broken

down over the thorny issue of

slamic *sharia* laws. The talks, which opened in Addis Ababa at the weekend,

collapsed in the face of an

SPLA demand for the immedi-

indicates how far apart the two.

sides have grown following the

military comp on June 30 which removed: the government of Prime Minister Sadiq el-Mahdi

Any peace talks on the civil

war will have to focus on

sharia isw. The introduction of

these laws by Gen Jaafar

Nimeiri in 1983 was a key rea-son why the mainly Christian south rebelled. The peace

VETERAN conservationist

George Ademson, whose life's work returning lions to the wild was popularised in the film Born Free, has been murdered by Somali bandits at his remote wildlife camp in northeastern Kenya, officials said

yesterday afternoon. Dr Richard Leakey, director

of Kenya's wildlife department, said Mr Adamson, 83, and two of his Kenyan assistants were

gunned down at Kora, a game

reserve he established 18 years

ago and where he lived with 16 lions and a handful of staff.

His reserve had been the

subject of incursion by shiftas.

bands of roaming Somalis

By Julian Ozenne

The early failure of the talks

Islamic shorio laws.

ate abolition of sharia.

prisoners, the unbanning of political organisations, the removal of troops from the townships, and an end to all political executions and trials. With the fulfillment of these conditions, the paper states, discussions could take place with the South African Gov ernment for a suspension of hostilities and the opening of negotiations for a new consti-

Once methods for the drawing up of a constitution were agreed, an interim government would be formed to supervise the constitutional process and to bring South Africa to democratic elections based on a non-racial, multi-party political system and universal suffrage

The adoption of a new con-stitution would bring the lift-ing of international sanctions against South Africa and its membership of the OAU.

The document, which calls for discussions between the "liberation movement" and Pretoria remains imprecise

Sudan peace talks break down

agenda will also have to

address the Government's tra-ditional alignment with the

Arab world through. Finally

the question of what type of constitutional formula would

be acceptable to all of Sudan's

diverse ethnic and religious groups must be discussed.

featured strongly in past agree-ments reached between the

SPLA and the political parties

of the north. The most recent agreement, called "the Sudan Peace Initiative", was negoti-ated last November with the Democratic Unionist Party and

accepted reluctantly by the el-

Mahdi government.

All sides agree that signifi-

cant progress towards imple-

menting that agreement had been reached before the June

coun in which Gen Omar el-

Bashir seized power. A date had even been fixed for a con-

Kenya's poaching problem.

Mr Adamson, a Briton who
was born in India in 1906, was

a game warden during British colonial rule. After indepen-

dence he moved into wildlife conservation. With his wife Joy he attained international

renown for the book and subse-

quent film Born Free which chronicled their efforts to

return lions brought up in cap-tivity back to the African bush.

One of their lion cubs, Elsa, became known worldwide.

ing at Kora after his wife Joy was murdered by one of her Kenyan staff in 1930. Friends

describe the camp as a modest

game rangers' post with a few

Mr Adamson continued liv-

**Born Free hero murdered** 

These issues have always

about who should represent black South Africans at a negotiating table. No mention is made of the Pan-Africanist Congress (PAC), Chief Buthe-lezi's Inkhata movement, or South Africa's other political organisations. Differences between the ANC and the more radical PAC were underscored yesterday when Mr Zephaniah Mothopeng, the PAC president ruled out the question of nego-tiations in a speech to the OAU

Observers at the summit have interpreted the paper as an ANC initiative intended to pre-empt the possible exclusion of the organisation from any future negotiation process. The recent departure of the ANC from bases in Angola, a reduc-tion in Soviet support for ANC military activity, and the possibility of alternative proposals by western powers such as Britain, raised the possibility that the organisation could be sidelined in the negotiation

stitutional conference to bring together all political forces and

groups to discuss the nation's

That agreement was rejected by Gen Bashir shortly after he

took power. "It is like it never existed to us," Gen Bashir said. "B: has no place in our efforts

regime for what he called its

fundamentalist Islamic inclina-

tions, and its violations of

human rights. He went on to

accuse the Government of hav-

ing a "hidden agenda" to

impose a theocratic state on Sudan and to partition the

lean-to thatched buts sur-

rounded by a wire fence. Mr Adamson, a tall lean man

with white shoulder length

hair, bushy eyebrows, a goatee and sun-weathered skin which

bore the scars of several maul-

ings by his lions often roamed around the camp in just a pair of shorts and sandals. Often he

would spend evenings at the camp talking with visitors, puffing on his old pipe and using his favourite expression "By Jove".

"George was a real wilder-ness man," said Mr Monty

Ruben, a close friends. "The

city was a strange environ-ment to him. In the bush he

was totally in control."

hetween the two sides.

#### strengthens his hold

Rafsanjani

By Kamran Fazel in Tehran and Victor Mallet in

PRESIDENT Ali Akbar Hashemi Refsanjani yesterday strengthened his grip on the Iranian leadership by naming a moderate as his first

The official Iranian media reported that Mr Rafsanjani had chosen Mr Hassan Ebrahim Habibi, a French-trained former Justice Minister, for the post. He would take over in the event of Mr Rafsanjani's death or incapacity.

Last week the President

chose a new 22-man Cabinet, with technocrats set to take several important portfolios associated with the economy. He also dropped Hojatoles-lam Ali Akbar Mohtashemi,

to solve the southern probthe hardline Interior Minister, and there was speculation that he might try to appease his Last week Mr John Garang. the SPLA's leader, made his radical opponents by giving the job of first vice-president to the outgoing Prime Minisfirst public response to the new Government, which highlighted the growing gulf ter, Mr Mir Hossein Monsavi, He attacked Gen Bashir's

whose office was abolished. The Majlis (parliament) is expected to begin voting on the cabinet nominees - but not the vice-presidential posts - at the end of this week. Although the Majlis has the power to reject Mr Rafsanjani's candidates, the Iranian media has shown a rare degree of unity in urging parliamentarians to support the President.

More than half the MPs

urged Mr Rafsanjani last week to retain Mr Mohtashemi, but yesterday a deputy from Tabriz attacked the outgoing minister in his absence for failing to answer a Mailis sum-

mons to answer questions.

Mr Mohtashemi is regarded with distaste in the West for having helped to establish the Lebanese Hizbollah organisation, accused of being behind the kidnapping of Westerners. Yesterday an Iranian newspaper suggested that the 17 Western hostages could be used as bargaining counters to prevent outside interference in Lebanon. "To prevent foreign intervention, a lever in the hands of Moslem combatants

in Lebanon was the suscepti-bility of Western governments

vis-a-vis the hostage issue,"

said Abrar in an editorial.

#### panied by the anti-air frigate Cassard. They will join three other vessels – a frigate, a pet-rol tanker and an escort vessel - off the Lebanese coast, and are due to be followed later by the landing craft carrier Orage,

Mr Selim al-Hoss, the Moslem Prime Minister, pictured at the damaged Barbir hospital in West Beirut yesterday

from "committing a stupidity" in Lebanon. The group is believed to be a faction of the pro-Iranian Hizbollah.

In Beirut, it is widely believed that the French felt

able to deploy their warships to Lebanese waters only

because there are no longer

French hostages at risk there.

Maronites living outside the
Christian enclave have
expressed fears that French

actions may endanger them
- as predicted by Mr Walid
Jumblatt, the Druze leader.

LEADERS of the Japan Socialist Party, attempting to build on impressive gains made at a recent election, have changes to traditional policies, and given an undertaking to maintain the Japan-US security treaty should the party head a coalition government.

At a meeting of officials from party branches around the

country, Mr Tsuruo Yamagu-chi, the JSP secretary-general, said that the party has to adopt a more "realistic" approach if it is successfully to form a coalition with three other

nation's army, the Self Defence Forces, would be sustained on the understanding that defence spending be kept below 1 per cent of Gross National Product and that there be a trend towards scaling down the

The party's leaders are attempting to balance demands by its more ideological members by implying that the compromises on traditional policy must be made if a coalition is to have any chance of surviving. At the same time, the party is hoping that its more moderate tone on these sensitive issues will no longer alienate potential voters who have been unwilling to risk voting for the party, despite deep dis-illusionment with the ruling Liberal Democratic Party.

Japan has claimed the title

nation and displaced the US, according to the latest available figures, which were pub lished prominently in the Japanese financial press yes-

of the world's most asset rich

said to have carried out large-

scale manoeuvres near Corsica last February whose theme

was a joint hostage rescue

in Beirut since fierce artillery

battles between the forces of

Maj Gen Michel Aoun, the

Christian Lebanese army com-

mander, and Syrian forces

military positions and consoli-

dated their alliances for what

many in Beirut fear could be

even more violent confronta-

the Syrian vice-president, con-sulted with Col Muammer Gadaffi, the Libyan leader, last

weekend. Five pro-Syrian Leb-anese and Palestinian leaders

who had convened at a meet ing in Damascus last week were still in the Libyan capital

yesterday. With Libya and Iran lined up behind Syria in the

conflict, Iraq and Mr Yassir Arafat's PLO have sided with Lebanon's Maronite Christians.

The French aircraft carrier Foch, meanwhile, continued to

sail towards Lebanon, accom-

which left Brest on the Atlan-

tic coast on Saturday morning.

The Foch and the Orage both

have hospital facilities.

Mr Abdel Halim Khaddam,

eased last Wednesday. But both sides have shored up their

A relative calm has prevailed

operation.

of \$36,200bn.

The sharp rise in Japan's

# Japan's Socialists shift stance

Both Britain and the US, 12 of

whose citizens are imprisoned

in Lebanon, have refrained

from commenting on French

military activity in the region.

The US dispatched much of its Mediterranean 6th Fleet to

the area during the first week

of August, when a videotape purporting to show the hang-ing of US Marine Colonel Wil-liam Higgins was released and

the RJO first threatened to

murder Mr Cicippio. The Amer-

ican and French navies are

By Robert Thomson in Tokyo

formally announced significant

opposition parties and eventually take office. Mr Yamaguchi said that the

previously opposed Japan-US Security Treaty would be maintained to ensure "continu-ity in foreign policy", while the

The country's national

assets, which include securities, deposits, production equipment, and real estate, among other things, were said to be \$43,700bn at the end of 1967, an increase of 54.5 per cent from a year earlier, and well above the then US figure

asset value during 1987 followed the yen's appreciation against the dollar, which began the year at around Y160 and finished at Y122, and a surge in land and stock prices on the

# Indo-Pakistan glacier dispute

By Christina Lamb on the Siachen Glacier

THE WAR on Siachen Glacier, the world's highest battlefield, is set to continue after Ms Benazir Bhutto, Pakistan's Prime Minister, admitted that the latest round of talks with India

had failed. Ms Bhutto was within sight of Indian troops yesterday as she visited frontline positions at 17,000ft on the glacier where artillery shells had fallen just hours before. She said "agreement seems very difficult now ... everyone's quite dug in for another winter".

War has been raging intermittently in this inaccessible area high in the Himalayas, since 1984 when Indian troops crossed the line of control agreed in 1972 in Simla and began displaying Siachen on maps as their territory.
Hopes of an agreement to

end the dispute were high after defence and foreign secretaries from India and Pakistan met in Islamabad in June. They said India had agreed to go back to positions held in 1972.

However the Indian army apparently reacted strongly to this concession and with an election due, Mr Rajiv Gandhi, the Prime Minister, did not want to be seen as selling out to their traditionally hostile neighbour.

Under the proposed agree ment Pakistani troops would also be required to move back some 8km and according to an aide of Ms Bhutto the sticking point is how to administer the area in future. "We've both built access roads and bases so what's to stop an ambitious Indian general or Pakistani brigadier deciding to

# Israel row at killing by 'tourists'

By Tony Walker in Jerusalem

A ROW is brewing in the Israeli Government over the shooting at the weekend of a Palestinian in the West Bank town of Bethlehem by soldiers who reportedly masqueraded

Mr Gideon Patt, Israel's Tourism Minister, has asked the Defence Ministry for an explanation. His spokesman said yesterday the minister would comment when more details became available.

Eyewitnesses reported that after masked Palestinian

youths had thrown stones at an army patrol near Bethlehem's marketplace, young male "tourists" in shorts and carrying backpacks had pulled out guns and opened fire. One of the stone-throwers was fat-ally wounded in the

Mr Elias Freij, the Mayor of Bethlehem, has expressed concern over the affair. The said he was worried that such incidents would frighten away visitors from Bethlehem. He was also concerned about how tourists would be treated: "Now townspeople will suspect that visitors might not really be tourists."

Israel military censors had barred publication of local press reports of the Bethlehem incident for more than 24 hours for "security reasons". A military spokeswoman refused comment on the affair, saying: We will not reveal how we behave operationally.

# French try to calm Lebanese anger | Corporate | India's dialogue of the deft

By R.C. Murthy in Bombay

"YOU have conquered my heart and not my head." This is not a quotation from a Shakespeare play but a gentle rebuke from a shareholder of Larsen and Toubro, a high-technology engineering

company.
Professor V.B. Kamath, a retired lecturer from Bombay University, was responding to the plea of the chairman of L&T to appreciate the new dynamism that has accelerated growth during the past six months. "I need your blessing." implored Mr Dhirubhai Ambani, the company's chairman. There has been a distinct

change in the style of the shareholders' meetings at Larsen and Toubro since it became part of the Ambani conglomerate late last year. Reliance Industries, the flag ship company of Mr Ambani, has been the fastest growing in India's corporate sector.

Yesterday's meeting was more a dialogue between the speakers and the chairman, forgetting the existence 3,000-odd shareholders in the auditorium. Queries from shareholders are answered then and there. "This is Ambani style," remarked a

shareholder. The extraordinary general meeting was called to approve a proposal to float a Rs9.2bn (£353m) convertible bond issue to shareholders of Reliance Group companies. The size of the issue was reduced yesterday to Rs8.2bn after the Government denied permission to allot Rslbn to the International Finance Corporation, a World Bank affiliate.

No shareholder referred to charges of conspiracy to murder Mr Nusli Wadia, who is chairman of Bombay Dyeing and a traditional business rival of Ambani, levelled against a Reliance executive late last

month.
In a bid to forestall any shareholder raising the issue at the meeting. Mr Ambani was constantly urging them to stick to the agenda. The management took care of the traditional troublemakers.

Most shareholders came for the snacks and coupons for ice creams liberally distributed. There were some half-a-dozen shareholders like Prof Kamath who had done their homework for the meeting. Prof Kamath is a shareholder of some 30 companies, participating in the deliberations of their general meetings. "I am determined to maintain the character of this professionally-managed company. I am a freedom fighter," asserted the bearded professor, referring to his participation in the fight

against the Raj. But there are several other shareholders who either represent business rivals, or want to catch the eye of the management. Inconvenient questions are passed over by Mr Ambani with a standard reply: "My doors are open. Please come and discuss with me over a cup of tea. We will

provide everything."
Some of them seek favours in business while others are "professional shareholders" with just a couple of shares in different companies, and who use meetings to blackmail managements for special favours.

Mr Ambani yesterday carefully picked the speakers who sang the praises of the management. "You have developed a technique of smooth take-over (of companies), remarked one shareholder.

The crunch came when a shareholder demanded a poll on certain resolutions, but lost since he did not have the qualifying 500 shares in the company to enforce the poll.

# 'Emperor' Deng suffers birthday blues

Peter Ellingsen reports on how China's leader is coping after a decade in power

HE REMAINS the undisputed emperor, but as he celebrates his 85th birthday today China's paramount leader, Deng Xiaoping, finds himself facing more problems than at any time since he assumed power a decade ago. Normally the patriarch's

birthday would be a cause for sober time in the Deng household. With fallout from the bloody June massacre undermining his economic reforms and popularity, Deng, whose health is said to be poor, has

little reason to rejoice. Not only is his chosen successor, former Party boss, Zhao Ziyang, in disgrace, but the pragmatic values he has extolled are under attack. While no one doubts that Deng, as head of the Central Military Commission, approved the army's brutal assault on democracy protestors 10 weeks ago, it is equally true he justi-fies the crackdown in political rather than economic terms.

Others in the alderly hierarchy now ruling China have seen the student-led uprising as an opportunity to return to orthodox Marxist economics, which challenge Deng's vision. He has been combating the extremists by quietly allowing a personality cult to surround him. A film eulogising his early army career is showing in Peking and the media is rerunning his old speeches.

all main newspapers. Called "Integration of Marxism and China's Actual Conditions", it is viewed as an attempt to prevent China from lurching too far to the left. Diplomatic ists, particularly old cadres Deng called on to help crush

A speech of Deng's from 1956 was published on the front of

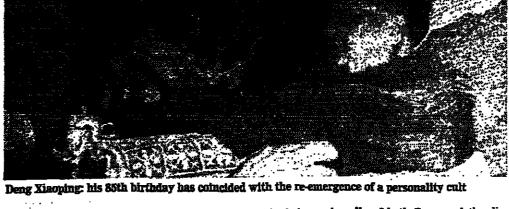
sources see the re-emergence of the speech as a warning to leftthe democracy rallies, against reinstating Maoist ideals. Deng, who is widely believed to have cancer, is resting at

the seaside resort of Beidahe.

There have been conflicting

reports about his health, with some suggestions that he may

Sources say that President



be seriously ill. A photo accompanying a People's Daily article yesterday was dated

Yang Shangkun, a hardliner neered the detention of with strong family connections Defence Minister, Qin Jiwei, an

in the army and who is in good health, is positioning himself to take the number-two position in the Central Military Commission as a prelude to succeeding Deng. Reports that Yang had engi-

ally of both Deng and the disgraced Zhao, have been denied by officials. However, problems created by the success of Deng's economic reforms remain, and provide ammunition to those who want to return the country to rigid left-ist economic policies.

# **UK hardens Hong Kong stance**

THE DIPLOMATIC row between Britain and China over the stationing of People's Liberation Army troops in Hong Kong after 1997 has brought differences between the two sides into the open, and they are likely to be a source of contention at next month's meeting of the Sino-British Joint Liaison Group, the first since the June 4 massacre in Peking.

Recent accusations by the Chinese Foreign Ministry that Britain had violated the Sino-British joint declaration by suggesting that China should not station the army in the territory were quickly brushed aside by Mr Francis Maude. Foreign Office Minister with special responsibility for Hong Kong, who said in an interview with the BBC that China's reaction was "ridiculous".

The PLA issue was publicly raised last week by Mr Barrie Wiggham, Hong Kong's Secretary for General Duties, a post which oversees details of the change of sovereignty in 1997. who questioned whether China

needed to station its troops in Hong Kong. Mr Wiggham also addressed the likely pace of reform in the territory under the Basic Law, which will serve as a constitution for Hong Kong, and suggested that China might extend "what is after all a self-imposed time-table" for the drafting process. "Most of the points he made have been consistently made by members of the Basic Law

consultative committee," commented Mr James Tien, a committee member, who said that he supported the comments as reflecting the genuine concerns of the Hong Kong people.

Mr Tien said the objection is that a statement by someone in

Mr Wiggham's position is seen as an official Hong Kong position - and even more important as an official UK position - which China felt should be conveyed through the JLG and not via a public speech. However, with the consultation period on the Basic Law end-ing in October, the high-level decision for Mr Wiggham to make his public comments

may be designed to rekindle public debate on the Basic Law, and convince a disillusioned Hong Kong populace that Britain is willing to adopt a more forceful role. "It is a sign that Britain is doing the kind of thing that

Hong Kong people have been asking it to do - not just to defend Hong Kong's interests behind closed doors, but to do it in public, and if necessary run the risk of a bit of a row with China," said Mr Richard Margolis, a former deputy political adviser to the Hong Kong Government.

Meetings of the JLG, which were suspended by Britain in the wake of June 4, are the normal forum for British representations on the smooth transition to the transfer of sovereignty and progress on the Basic Law. The drafting process is an internal matter for China, which is consulting with the people of Hong Kong. but the Basic Law must con-form with the joint declaration. giving Britain a legitimate interest in the final model.

Concluding our series, FT correspondents look at the politics of refugee communities and the policies of the countries that host them

# A united nation without a state

AHMOUD, his wife Aliya and their five small children live in a second-floor apartment on the hillside above the Ain Helwe Palestinian refugee camp in Sidon.

Their home is simply and

sparsely furnished, but by refu-gee standards, they are well off. Both are teachers employed by the UN Relief and Works Agency. They have no nationality - only brown Lebanese residence cards that identify them as second-generation Palestinian refugees.

They sit with a neighbour drinking tea. They all follow news of developments in the Israeli-occupied territories and of Palestinian political initiatives. Their response, like that of many other Palestinian refugees in Lebanon, is equivocal.
On the one hand, the Intifada, or uprising, in the West
Bank and Gaza Strip and the
declaration of a Palestinian state last November by the Palestine Liberation Organisation have undoubtedly boosted the morale of the 492,000 refugee in the country. They have fur-ther strengthened their sense of Palestinian identity, and given the refugees a new basis on which to organise. Posters in support of the uprising cover walls in Beirut's

Mar Elias, Sabra and Chatila and Bouri al Barajneh camps. Passions have been stirred by the deportation to Lebanon by Israel of 56 Palestinians since



IN SEARCH OF REFUGE

the Intifada began in December 1987. Most of the deportees have settled in the Sidon camps of Ain Helwe and Mich Mich, where they have been giving lectures on their treat-ment at the hands of the Israelis and the progress of the

on the other hand, the new enthusiasm of the refugees in Lebanon is tinged both with frustration and with a note of hopelessness. Life is depressing for the thousands of guerrillas who wait in enforced idleness in the southern town of Sidon unable to participate in the "liberation of Palestine". And the PLO's political initiatives have in a sense also heightened the refugees' fears for the future. Although the organisation has made the "right of return" - however that is defined - one of the with Israel, the Israelis would never allow unlimited migra-tion to the as-yet hypothetical Palestinian state. Moreover, most of the Palestinians in Lebanon came from northern Israel, from Jaffa and the villages of Galilee.

"We know they will never let us go home," Mahmoud says. "My friends and I are talking about this all the time. And we are frightened. We don't come from the West Bank. We come from Haifa which is now in

"If Abu Ammar (Yassir Arafat) gets a state on the West Bank, we are not going to be invited to live there. We may get passports, but nothing else. And we'll be stuck here in Leb-

The closing door to sanctuary. **Edward** Mortimer asks why the West's humanitarian standards are being eroded, Page 17

worse because they will say you have a country now, why don't you go there?"

Most refugees survive on rations of fuel, bread, water and other staples distributed by UNRWA, which also provides basic schooling – sepa-rate from government schools – in both Lebanon and Syria. Lebanon's refugee camps have been destroyed and rebuilt countless times and their dirt roads, open sewers and grey concrete huts are by and grey concrete huts are by definition temporary. As a result of shelling by one hostile party or another — the pro-Syrian Shia Moslem fighters who instigated the bloody "camps war" several years ago or the Christian forces in East Beirut — many Palestinians have been turned into refugees from the refugee camps themselves.

But the abiding memory for them all is the departure from Palestine. Mariam, another refugee, remembers fleeing across the hills of Galilee and southern Lebanon on foot as an adolescent in 1948.

"My parents live in Rashi-dieh," she says, referring to the refugee camp on the outskirts of the southernmost Lebanese city of Tyre. "More than 40 years they have waited there, and every day they look south and see the hills of Palestine.



My mother still keeps the deed to our house and the front-door took the key with her because we thought we would go back a few days later when the fighting was over. But we could never go back. My

mother knows the key and the papers are useless now, but she can't bring herself to throw

# The fine print on the door of the new home

it has accepted 450,000 refugees and

Most of these have come in under the country's Refugee Programme, where the principal qualification for admission is the United Nations definition of a refugee

But Australia also operates a Special Humanitarian Programme, where the individual concerned lives in fear of prosecution rather than persecution. Typically, they are people who have suffered severe discrimination or a violation of their human rights, and have a connection with Australia.

In 1985-86, the last year for which details are available, Australia accepted 7,800 people under the Refugee Programme, most from Indochina and just more than 4,000 under the Special Humanitarian Programme. Of these, 1,400 came from Asia 1,100 from the Americas and almost 1,000 from the Middle East.

In the most recent year, which ended in June, Australia accepted 12,500 refugees, and expects a similar number in the current year. It has another 1,500 places in a "contingency

In Canada, like Australia a country which in both proportionate and absolute terms accepts one of the highest populations of refugees, the Government recently introduced new mea sures to deal with the enormous backlog of foreign nationals already in the country who have claimed political refugee status.

Between 21 per cent and 23.5 per cent of the 150,000-160,000 immigrants admitted to Canada this year are expected to be refugees.

rected to be refugees. ing some willingness to help in the The new measures took the form of event of a crisis in Hong Kong.

# AUSTRALIA resettles more refugees per head of population than any other country. Since the Second World War Tamils forced to rejoin the queue for asylum

THE queue at the British High commission on Galle Road, Colombo only about a dozen other applicants was joined one morning recently by four young Tamils whose deporta-tion, with a fifth youth, from Britain in February last year has since been ruled unlawful by the British Immi-gration Appeal Tribunal, Mervyn de Silva reports from Colombo. The UK High Commission says the whereabouts of the fifth youth is

unknown. There is no trace of him since his return to the island. British Ministers insisted for more

than two years that returning Mr Saravamuthu Sivalumaran, Mr Navaratnasingam Vathanan, Mr Vythialingam Skandarajah, Mr Nadarajah Vilvarajah and Mr Vinasithamby Rasalingam, now missing, to Sri Lanka was safe and that they were not genuine refugees in immi-But the tribunal found that one of

the five sent back had been detain for three months and tortured, one had been brutally beaten by police and one was in hiding and members of his family had been tortured. They were at risk of political persecution and should not have been returned. Back in Colombo now, normally

refugees in the past 10 years, is show-

a C\$100m programme to provide an accelerated review of the more than In a recent speech, Employment and Immigration Minister Barbara McDougall proposed accepting an additional 1,000 ratugees from the colony's long-stay camps over 12 months. 124,000 cases pending.

The country, which claims already to have accepted 120,000 indo-Chinese

for visas but the queue has length-ened in recent months with mounting political violence in both the Tamil north and the Sinhalese south of the

At the same time the provincial council in the Tamil north east is reported to be setting up a "volunteer force" to police the area after the withdrawal of the Indian soldiers. Young Tamils are fleeing to Colombo and joining the queue to dodge what they call "conscription".

So visa officers at mainly Commonwealth, US and EC embassies are being faced with the unpleasant task of deciding which applications are by bona fide businessmen and tourists and which by people planning to claim refugee status and use the law, its flaws and delays, to settle perma-

The qualified professionals and the wealthy, with property or money in the would-be "host" country, encoun-ter few difficulties. For the less prosperous, frightened by the rampant violence and worried about their children's future, it is more difficult. West Germany is home to the largest number of Tamils – more than 30,000. Most German courts have allowed the Sri Lankan refugees to stay. The same is true of the Scandi-vanian countries.

The Dutch have succeeded in sending a small batch back but only after the Dutch ambassador in Sri Lanka played "undercover agent" at Colombo airport and reported that Tamils who had argued that they would be arrested on arrival left the airport

he arrested on arrival left the airport in an air-conditioned coach with a group of Swiss tourists bound for a modest city hotel.

The most publicised case is that of Mr Viraj Mendis, a Sinhalese, now living with his English wife at his family home in Moratuwa, 10 miles south of Colombo. Mr Mendis sought asylum for two years in a church in asylum for two years in a church in Manchester before being arrested and deported. He still claims he was the victim of British "racism". Mr Mendis, a Sinhalese, identified himself with the Tamil cause which

he said meant his life was endan-gered if he returned to Sri Lanka. The official British view is that he took up that Tamil cause only to strengthen his own case for refugee

fare organisations are critical of a the granting of refugee status to peo-ple from Ethiopia, Somalia, Sudan number of recent moves which they fear will make it even more difficult for people to be accepted as refugees.

These include carrying out entryclearance arrangements at the point
of departure rather than after arrival
in the UK; fines on airlines for bring-

ing undocumented passengers to Britain and changes in appeals proce-

critics of the Government say that the growing use of the new "excep-tional leave to remain" provisions rather than full refugee status gives a weaker level of security for those peo-ple who do succeed in remaining in

Until 1984, a considerable number of applicants who did not meet the United Nations's 1951 Convention and 1967 Protocol's full definition of refu-gees were granted asylum which gave them similar benefits, but today any applicant who would have qualified for asylum under the pre-1984 arrangements is granted full refugee

statis.

This entitles applicants to remain in Britain for four years. They may then apply for indefinite leave to remain in the country, or settlement.

Other applicants who do not meet the full requirements of the UN convention are sometimes allowed exceptional leave to remain in Britain for a tional leave to remain in Britain for a specific period if it appears that it would be "unreasonable in all the circumstances" to force them to return to their country of origin. Applicants granted exceptional leave to remain may apply for indefinite leave if they are still in Britain after seven years About 5,100 applications for refusee status were received last year of which 960 were granted. This was the highest number granted since 1983, and largely reflected an increase in

Chris Sherwell, David Owen and Alan Pike

and Afghanistan.

# The most political people in the world

world stretched little further than the next valley can now talk knowledgeably about world affairs gleaned through avid listening to the REC.

Afghan refugee camps in Pakistan serve as fighting bases as well as living places. Each family has sons at the front, and with an estimated 10 per cent of Afghanistan's 15m population killed in the war, all have lost relatives. all have lost relatives.

Every evening as dusk falls men of the camps gather men of the camps are together in hujras for "gob-shop", passing the hookah (waterpipe) and discussing developments both political and military, grilling the latest

arrivals for news.
Says Hadayat Arsala,
Finance Minister in the Mujahideen interim government:
"Frankly the whole nation is
politicised now."

Counting party membership of the 3.5m Afghan refugees living in Pakistan would appear at first sight to bear this out. But political aware-ness does not translate into political party loyalty. For, without a card of one of the seven resistance parties, a refugee cannot be registered and therefore can claim no rations Lara Marlowe and has no status. Pakistan says this is because parties are better able to check whether a refugee is genuine and not an agent of KHAD, the Afghan

secret police.

The only survey carried out in camps found less than 2 per cent would vote for one of the leaders. Its author, Professor Mairooh, was assassinated in Peshawar shortly afterwards, police suspect by followers of the guerrilla commander Hek-

of 300 refugees questioned for the FT, the percentage was much higher. Some 26 per cent said they would vote for one of the leaders, but these camps were near Peshawar, headquarters of African residence. ters of Afghan resistance, and thus most under party influ-ence. Parties have agents in every camp to make a bealine for immediately recognisable western journalists or diplo-mats and ensure they get the

Prof Majrooh was not the only intellectual to be killed, Professor Amin, who runs the Writers Union has had three death threats recently, and Tajwar Kakar, who headed a school for women, was forced to take her family to Australia after repeated warnings from Hekmatyar's party over her

refusal to wear a burgo.

More than half the refugees
are children and thus schools are an important venue for spreading ideology. Though most of the Islamic agencies are doing good work, they have been given a bad name by reports of Wahabi atrocities on the warfront and proselytising in camps, in particular in Baluchistan where refugees have been told it is Jehad (holy war) to kill an Arab. Dr Abu Hafis is director of a

VEN the simple Afghan hill shepherd, who, 10 islamic Call, which as well as world stretched little further than the post well as providing medical facilities, prints Islamic booklets and has then the post well-section. Islamic Call, which as well as providing medical facilities, prints Islamic booklets and has Koranic centres for children in Koranic centres for children in 20 camps. He says no one can impose his way of thinking on the Afghans, but adds: "Many Afghans are illiterate and follow purs or imams and venerate graves for no reason. This will die out as they are educated and find out in their books that their views are wrong."

and find out in their count their views are wrong."

Apart from Hekmatyar and Abdur Sayyaf who both live in specially built party camps, party leaders are rarely seen in camps. Each of the seven claim they are the most popular and that most commanders in other parties are really their other parties are really their

Masirbegh, one of the first camps, is a showplace just out-side Peshawar frequented by side Feshawar frequenced by visiting dignitaries including US President George Bush. If anywhere parties tried to extend influence this is it.

Yet it is the tribal elders not party officials who wield control. A committee of "white-

trel. A committee of "white-beards" or maliks (elders instantly recognisable by their intricate turbans, white beards and gnarled faces) keep order and sort out the problems of the 47,409 registered inhabitants hailing from six main tribes, mostly from Nangahar and Kabul.

At first Pakistan tried to organise camps on tribal or ethnic lines but, as refugees ethnic lines but, as ratugess flooded in, newcomers would be bussed to camps wherever they came from or whichever party they belonged to.

Like Nasirbagh, all 354 camps are organised on a tribal basis, run by of mailks. Groups of whiteheaville are allegave chast

of whitebeards are always clustered around Peshawar's refu-gee offices, scating out prob-lems for the subtribes and areas they represent.

Ahmed Zeh, protocol officer from Pakistan's refugee commissionerate, believes this sys-

tem of allowing elders to
"police" the camps is why
there have been so few problems amongst the world's largest refugee population.
"When they came we let them follow traditional tribal laws and these are very strict." Disputes are referred to a first (council of elders) which lis-tens to both sides and whose decision must be obeyed. In a recent adultery case a jirgs sat all night and announced a death sentence to both the man and woman. By dawn both had been stoned to death. Ten years of war and the migration of half the population can hardly have failed to change Afghan society, but the bigger changes are inside the country. In the camps even the biggest guerilla commanders

still pay respect to maliks but inside Afghanistan many have

become warlords and may be

reluctant to relinquish their

new authority. Fitting the new and the old back together will

be a near-impossible task.

Christina Lamb

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Jap:

#### **AMERICAN NEWS**

# Mexico declares Cananea copper mines bankrupt

By Richard Johns in Mexico City

THE MEXICAN Government has declared the state-owned Compania Minera Cananea bankrupt, and dismissed the entire staff at the complex that makes up Mexico's largest cop-

The decision comes in the face of a strike, which was set for August 28 unless the unions' large demands for increased wages and benefits were met. Some 4.000 troops with

machine-guns, supported by four helicopters, were reported to have occupied the mines responsible for some 2 per cent of world supplies and export-ing 40 per cent of its output and sealed them off to prevent access by 600 workers due on the morning shift, A main concern was the dan-

ger of sabotage by workers and protection of such materials as some 70 tons of dynamite. All 2,890 miners - members of the militant Section 65 of the Mexican miners' union - and

880 other staff were laid off. Nafinsa, the state development bank which holds the government's 99.8 per cent shareholding, said the Cananea company was unable to meet its debt obligations, as well as give in to the miners' demand for a 65 per cent wage rise and a packet of fringe benefits which, according to the management, would constitute an effective increase in remunera-

tions of 330 per cent. Cananea owes Nafinsa

\$67m, suppliers pesos 25bn (\$10m) and the Treasury a further pesos 20hn. The real aim of the Govern-The real aim of the Government appears to be to break the union and reduce manning to prepare the company for privatisation — having falled to sell it twice last year.

Despite being dogged by an obstructive work force and debt obligations, Cananea achieved in 1938 a net profit of

achieved in 1988 a net profit of pesos 170.4bn (\$74.7m), a four-fold rise over the 1987 level, on sales of pesos 765.3bn.

Mr Luis Perez Aceves, direc-tor-general of the company, has stated that agreement with the union is impossible. He also said that 40 per cent of the workforce was superfluous and complained of much absentee-

The cost of producting a pound of Cananea copper is reported to be 90 US cents. compared with an average of 55 to 60 cents elsewhere.

Cananea's labour problems, as well as its infrastructure and some of its antiquated plant, were believed to be the main reasons why bids last October, when the mine was put up for sale for a second time, fell far short of the \$1.1bn price set by the Government.

The mine has larger proven reserves and a higher concentration of ore than Mexicana de Cobre, which was bought for \$1.36bn by interests headed by Mr Jorge Larea, head of Cananea owes Nafinsa Grupo Mexico, one of the big-\$578m, American Express four Mexican mining groups.

# ing asylum seekers, and refugee wel-

Meanwhile, Britain comes low down

the European league table for accept-

Letting Reagan's backyard slip away Lionel Barber appraises Washington's attitude to Central America

IVE Central American presidents recently called for the disbanding of the Nicaraguan Contra rebels - an event which ought to have provoked a fierce reaction in Washington.

The Contra cause was a consuming passion of President Reagan, who compared their struggle to that of the Founding Fathers of the US, battling against the British.

Yet the reaction from the White House and State Department last week to the Central

American agreement at Tela in Honduras was tepid. The Department was at pains to deny the Tela accord was either a setback or a surprise. Mr Marlin Fitzwater, White House spokesman, said lamely: "It is too early, and unfair, to say the game is

This is wishful thinking. according to Mr Pat Buchanan, White House communications director under President Reagan. In the conservative Washington Times last Monday, he said: "And so the Contras pass into history alongside other fighting allies against commu-nism... and now that Nicaragua has been made safe for communism by the Congress of the United States, the name of the game is: Escape the blame." Mr Buchanan may well be correct, but his anger misses a development which could be even more important in historical terms: the increasing tendency by Central American

countries to go their own way in the absence of direction from the US. Diminishing US influence first became apparent in August 1987 when President Oscar Arias of Costa Rica secured approval among his fellow Central American presidents for a regional peace plan aimed to end the civil wars in Nicaragua, Guatamala and El Salvador

The Reagan administration facing a hostile Democratic majority in Congress which had the power to block mili-tary aid to the Contras – agreed reluctantly to support the peace initiative.

But Washington's subsequent diplomatic approach was half-hearted: Mr Reagan still hoped he could press Congress to support further arms ship-ments to topple the Sandinista government in Nicaragua, and Mr George Shultz, then Secretary of State, was unwilling to fight to change his mind.

he new Bush adminis-tration was supposed to break this stalemate between the Republican executive and the Democratic majority in Congress. The new buzzword was touted as "bipar-tisanship", a joint foreign pol-icy approach by the legislative and executive branches,

Yet the last seven months, since the new administration began, are striking for a lack of influence by the administration over events, despite its professed support of diplo-

macy.
Mr Fred Iklé, former senior
Defence Department official. says one reason is that it took the administration some time to instal key appointees at the State Department, notably the confirmation of Mr Bernard Aronson, Assistant Secretary for Inter-American Affairs, who succeeded the conservative firebrand Mr Elliott

More important, perhaps, is

the flawed nature of the bipartisanship accord struck in February by Mr James Baker, Secretary of State, and Democratic Congressional leaders. The agreement cut off military aid for the Contras, maintaining humanitarian assistance, but gave Democratic committee chairmen power to review and

veto the agreement in Novem-Mr Baker's moves won support among Democrats, who enjoyed being given a seat at the foreign policy table. They may have been the necessary down-payment of goodwill by an administration which has to work with Democratic Party's majorities in the House and

However, some officials, notably Mr Boyden Gray, White House counsel, objected that Mr Baker's agreement amounted to an infringement of presidential prerogative in making foreign policy.
Others believed, correctly as it turns out, that the accord

was a cover for the administration to put distance between itself and the Contras. According to Mr Adolfo Calero, politi-cal leader of the Contras, Mr Baker even joked about relocating the Contras to his

All this might not have mat-tered if the administration had been able to exert influence through diplomacy.
But, at Tela, both the presidents of Honduras and Guata-mala went their own way and backed Nicaragua's call for dis-

banding the Contras within 90 days. El Salvador, the other main US ally in the region, hold lowed suit, partly because it election in February. He had no inclination to be the not bother to seek approval from the Bush administration. odd man out.

One excuse heard in the corridors of the State Department is that officials are caught in a bind: They know the military aid option is dead but, if they engage in high-profile diplo-macy, they are bound to be attacked by the conservative right wing for selling out the

Yet this dilemma could have been easily avoided if Mr Bush had intervened to invite one or two of the Central American presidents to Washington, Mr Ikle suggests. (However, this might have caused problems for a president preoccupied with hostage diplomacy in Mid-dle East.)

Officials now say that they intend to focus on securing free and fair elections in Nicaragua next February, and trying to encourage the internal opposition there to support one

Mr Baker will press his Soviet counterpart, Mr Eduard Shevardnadze, to halt military aid to the Sandinistas. (Moscow says it has decided to stop arms shipments, but the US administration still refuses to confirm or deny that this has occurred.)

The overriding impression, for all that, is one of apathy. At President George Bush's news conference last Tuesday, not one question was asked about Nicaragua.

The US seems cast as a bystander, an impression reinforced by former President Jimmy Carter's decision to accept an invitation from Man-

# Brazilian opposition veteran falters in presidential bid

By Ivo Dawnay in Brasilia

MR ULYSSES Guimaráes, the Grand Old Man of Brazilian politics, is fighting for his political life after a wide-spread rebellion within his party at his continued candi-dacy for the presidency.

His resignation could radi-cally alter the outcome in the presidential race, dominated for the last four months by Mr Fernando Collor de Mello, young ex-governor of the small north-eastern state of

With less than three months before the poll in November — Brazil's first direct presidential elections for 29 years — leading figures in the Brazil-ian Democratic Movement Party (PMDB), which domi-nates Congress, are publicly hinting that the veteran campaigner should step down.

Mr Guimarães, aged 72, has consistently scored less than 5 per cent in the opinion surveys, where he scores a high rejection rate. Mr Collor, aged 40, remains near 42 per cent, trailed by Mr Leonel Brizola, the populist former governor of Rio de Janeiro, with about

The PMDB veteran's lacking. tre performance, despite many campaign tours, is matched only by that of Mr Aareliano Chaves, a vice-president under the military regime who stepped down in 1985, as can-didate for the right-wing Liberal Front Party (PFL). He has rarely recorded more than a 2 also under pressure to give up. man."

The high rejection rate for the two men is widely considered to reflect the electorate's anger at the government of President José Sarney.

The two parties formed a coalition to support the Sarney administration, provided ministers and frequently intervened in sonomic decisionmaking - so they are widely seen as responsible for Brazil's economic turnoil and high inflation (about 30 per cent a

Mr Collor, though, has won solid support as an early critic of the administration and as champion of a "clean-up govrument" programme. If Mr Guimarkes does step

down, a main beneficiary could be Mr Mario Covas, a moderate on the centre-left who deserted the PMDB last year to form the Social Democratic Party (PSDB). Many senior party leaders have already descrited Mr Gui-marães in favour of Mr Collor.

markes in favour of Mr Collor. Others, including the governors of Brazil's three most powerful states (São Paulo, Rio de Janeiro and Minas Gerals), are atting on the fence.

Last weekand, Mr Guimarkes tried to whip up his campaign with his first direct attacks on his young rival. But most analysts believe that age alone is enough to sink the hopes of the PMDB leader who led the opposition to Brazil's led the opposition to Brazil's

military regime when the going was hardest, "His candidacy," said one, per cent voter approval and is "is merely the vanity of an old

# Three American soldiers on patrol as part of an anti-narcotics drive in South America

# Caribbean proposes UN strike force to combat drug trafficking

By Canute James in Kingston

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islands into the US mainland," said Mr John Compton, the Prime Minister of St Lucia. This is the threat we will have to counter with a proper

security system."

Setting up such a security system is likely to tax the already stretched finances of the countries in the region. They have no air forces, and the small coast guards are unable adequately to patrol the hundreds of bays on each island which offer a comfortable harbour to smugglers'

boats.
"The Caribbean region cannot fund this war against international conspiracy mankind has ever known," the Prime Minister said. "We

over questions of sovereignty in calling for help."

"We are dealing with the most brutal and complete

nationalise the response to this problem. We are fighting a global war."

international acceptance, the traffickers could find themselves before an international criminal court, a proposal put forward by Mr Robinson. He is suggesting that the court handles international, "trans-bor-der" crimes, such as drug trafficking.

Both Mr Robinson and Mr
Manley are clearly hoping that

ing narcotics production and trade internationally, will help the financially weak Caribbean states in fighting the problem. say that neither effort has a chance of international accepunited the international acceptance unless it is backed by the US Government. "The US is a clearly a major player in these efforts," said one envoy. "Unless they consider these proposals to be in their international to be under the envertions will accept the envertions and the control of th est, the suggestions will go

The two prime ministers are likely to be heartened by the recent acceptance by the US Senate of Mr Manley's proposal for the creation of an interna-tional anti-narcotics force. The Senate described the proposal as being "worthy of strong US support" and as "the first operative proposal to use multilateral force against the drug car-tels in Latin America made by Western Hemisphere."

# Bush prepares to spend more on 'national strategy'

THE Colombian Government's crackdown against the drug cartels comes as President George Bush is about to unveil "a comprehensive national strategy" to combat drug abuse in the US, reports Lionel Barber

Mr Bush's plan calls for increasing federal spending to \$7hn next year, as well as greater international co-opera-tion to check traffic in drugs, in partic-ular cocaine, coming from Latin Amer-

The Administration wants cocaineproducing countries such as Colombia to act against the cartels, and officials

But officials know that Latin American countries are sensitive about a US military presence in the region. In Colombia, for instance, where Washington has said it would be prepared to send troops if asked, though US arms and aid are welcome, the introduction of US forces would not be.

At home, the Administration and Congress are wary about exposing US troops to a combat role - either against the narco-traffickers or the urgents (such as the Maoist Shining Path in Peru) whom, in some cases, they bankroll.

Last week, Mr Bush said he was con-sidering proposals floated at last

month's Group of Seven industrialised countries' meeting in Paris for an international military presence which would train indigenous narcotics forces, and provide military and finan-cial aid. This could provide political cover for greater US involvement. Under the former Administration of

President Ronald Reagan, US drug policy focused on expensive border patrol and customs seizures, combined with headline-grabbing prosecutions of drug "kingpins", one of whom, Carlos Lehder, was extradited and successfully convicted in a US court.

But in congressional testimony last year, General Paul Gorman, retired commander of US Southern Command,

complained that US policy toward the drug cartels was half-hearted, and he warned: "Drug trafficking constitutes a clear and present danger to the very survival of democracy in certain countries which have long been friends and

allies of the US". General Gorman said US intelligence on Central America's political conflicts was extensive, but "there is no compa-

rable apparatus being brought to bear on international drug trafficking." Remedying these bureaucratic failings and settling differences over a potential US military role will be one of President Bush's primary aims when he unveils his drug strategy on Septem-ber 5 in a nationwide televised address.

# Where a green leaf brings the greenbacks

Barbara Durr visits a coca-growing community in Bolivia

TERAZAMA is not on the map, but it figures high in the calculations mated bulk rates. In Miami, a kill sells for \$10,000 to of international drug control officials. So long as the inhabitants of Eterazama, and towns like it, cannot be persuaded away from growing coca, the light-green leaf that is theraw material for cocaine, the drug problem can only be displaced, not solved.

The town is tucked deep in

the Chapare, Bolivia's lush, coca-growing tropical lowlands in the central department of Cochabamba. Eterazama although disease-ridden and lacking potable water, sewage, electricity and paved roads boasts one of the area's largest markets for coca leaf. Peasants in the Eterazama

coca market sit hugging their 100 lb bags of leaf, sweating out the steamy tropical after-noon. By nightfall, coca buyers will come and pay an average of \$67 per 100 lb bag. The buyer, who may be a small-time operator or contracted by a big trafficker, will then transport the leaf to a pit. There - with kerosene, sulphuric acid, gasoline and potassium permanganate -the coca will be stamped by peasants for about four to five

hours into a paste.

By dawn, small aircraft will come to collect the paste now averaging a price of \$110 per kilo — for shipment to more sophisticated laboratories in the Beni, the vast and sparsely populated jungle department in the Bolivian north-east. There, paste will be turned into either cocaine base or cocaine hydrochloride itself, the former worth \$700 per kilo and the latter \$2,100, using estiIn Miami, a kilo of cocaine sells for \$10,000 to \$15,000, and in Madrid for up to \$60,000.

Mr Joaquín Balderama, burly president of the Eterazama town council, is well aware of where the local coca leaf goes. He said the govern-ment has not lifted a finger to help Eterazama - part of Boli-via's area where farmers resist coca eradication and crop substitution - prise itself away from the drug trade. Insecty-in fested open sewers run along each side of the main dirt track; tuberculosis, yellow fever, parasites and hepatitis

and judicial system. from the US, Bolivia, the world's second largest pro-ducer of coca after Peru, has been trying for several years to control its growing cocaine trade. So far, it has had limited success. While some efforts are being made in conjunction with the US Drug Enforcement Administration to hit Bolivian coçaine barons, only one, Mr

Corruption and lack of resources impede catching the big fish, so energies have been focused on the coca farmers to cut output.

A law passed last year by the Bolivian Congress divided the country's coca-growing areas in three: the Yungas region near La Paz, where coca is grown on some 10,000 to 12,000 ectares for traditional uses, including chewing the leaf for relief from hunger and the physical stress of high altitude; the Chapare, called a transi-tional area, where some 38,000 hectares of coca are to eventually be eliminated; and the rest of country where coca is illegal and subject to forcible eradication without compensation.

he law stated that 5,000

hectares of coca in the Chapare be eradicated by the end of 1989. By the end of July, only 1,300 hectares had been cleared, leaving the prob-lem in the lap of Bolivia's new government.

President Jaime Paz Zamora, who took office on August 6, has promised continued co-op-eration to fight the drug trade. His incentive is strong. If prog-ress is not made on drug con-trol, US government assistance some \$100m per year -could be suspended. European governments, including that of Britain, so far have channelled

their drug control money for Bolivia through the UN Fund for Drug Abuse Control The dilemma for Bolivia is that greater drug control threatens to present a dramatic social problem in the Chapare,

pare's estimated 37,000 coca farmers might well be the best organised labour force in Bolivia today. Some 640 union branches belong to six federa-tions, half of which resist erad-ication and crop substitution

Bolivia fears a social and political upheaval if reduction of crops is imposed, Thousands demonstrated last month against government coca programmes. Mr Jose Mirtenbaum, former advisor to Bolivia's largest workers' federation, the COB, said: "The conditions are being created for a violent resistance move-

Crop substitution, while a theoretically acceptable alternative to the farmers, is not economically convincing. There is nothing as lucrative as coca. A farmer's gross income can reach the equivalent of nearly \$5,000 annually for each hectare of coca, com-pared with the normal average annual income in Bolivia of just over \$500. Chapare farmers usually have one to three hectares of coca. "We would substitute if they could find us crops with markets," said Mr Freddy Morales, an official of the coca growers' federation. He has seven hectares of oranges but lives on the income from one hectare of coca.

The Cochabamba chief of the Bolivian government's Programme for Alternative Development, Mr Willy Holters, said: "The farmers are conscious that they must leave coca. They know there is interna-Worse still, given that Chapare national aid.

Few American companies

soil is generally poor - which does not affect the hearty coca shrub which produces four harvests a year - technicians have not been able to develop a single model farm of other

US officials admit that, despite some reductions, the area under coca has grown in recent years. Privately they rate their own programme at "3.5 on a scale of 10."

Products from Bolivia supply an estimated 25 per cent of the US cocaine market and perhaps a larger portion of the growing European market. Bolivian cocaine is largely shipped across the Atlantic in commercial aircraft from such big cities as Buenos Aires and Rio de Janeiro. Although cocaine used to be transported to Europe in single suitcases or on the person of individual "mules," it now goes bulk. "Europe is the real growth market - the US seems to be plateauing," said one US offi-

Bolivian cocaine is estimated to generate more than \$2bn per year at the points of final sale, but only some \$200m reaches Bolivia. This, however, is the equivalent of more than one third of Bolivia's projected legal exports, of \$590m, for 1989. Coca and cocaine have become pillars of the Bolivian economy

"Bolivia accepts its share of responsibility in the international fight against drug trafficking," Mr Paz Zamora said last week, "but we must be sure we are not coming out tional pressure on the country. poorer than before." The mes-But the problem is that no crop immediately renders as much." sage, intended for Washington, is clear: he wants more inter-

#### **WORLD TRADE NEWS**

# Groups battle to win Indian steel plant project

BRITISH Steel and eight other steel companies are bidding for a contract to build a steel plant for the Essar group at Hazira in Gujarat on India's west coast. The plant could cost as much as Rs14bm(£538m) to

Essar, a conglomerate with businesses in shipping, energy construction and steel, is setting up the state-of-art steel plant, with a projected output of 0.3m tonnes, soon to be doubled to 1.6m.

Essar will be the second largest producer in the private sec-tor after Tata Iron and Steel company.

The project comprises, besides steel-making facilities, a 0.76m tonne hot briquetted sponge iron plant, and a 180MW power plant, both using

natural gas as fuel.
British Steel Consultants has prepared a detailed project report, offering technical col-laboration, equipment supply and a buy-back arrangement for Essar Steel, along with an attractive financing package.
Metchem of Canada is also in
the race for the contract and is backed by its parent, USX (for-

Iran turns down \$1.25bn

Japanese settlement offer

IRAN has turned down a S1.25hn settlement offered by a Japanese consortium unwilling at Iran's Gulf port of Bandar

Sapartess control with a war-dam-to continue with a war-dam-aged petrochemical project, Mr Adeli said Iran was

merly US Steel).

Two Japanese companies Nippon Kokan and Mitsui, have entered the fray with offers of soft credits. Others in the race include Thyssen, Voest Alpine, Hamburgerstahl-werke, and Pohang Steel of South Korea.

Mr. Ravi Ruia, managing director of the Essar group, says bids are under evaluation and three or four companies will be shortlisted in about three weeks.

Essar is also to place orders for an ultra-high-power electric arc furnace, a ladle refining furnace and vacuum de-gassing units, as well as a continuous slab caster, a hot strip mill, and a 180MW power plant with a combined value of around

Rs5bn.
This is the first project of its size under the government's Export-Oriented Unit scheme to encourage exports of value-added products using local raw materials.

The local car and consumer durable industries are the tar-get customers who can save on inventories by buying from

"Sources say the [settlement]

figure is crucial to convince

# Rangoon **Singapore**

venture By Chit Tun in Rangoon

backs

THE Burmese Government has authorised setting up the first joint venture between two state-owned Burmese enterprises and a foreign private

The Myanmar-Singapore International company has as its shareholders the stateowned Construction and Elec-trical Stores Trading and the Stationery, Printing and Photo-graphic Stores Trading compa-nies of Rangoon, and SKS Marketing of Singapore.

The authorised capital of Kyats 50m (\$3m) is to be subscribed 50 per cent by the two Burmese enterprises and the other 50 per cent by the Singapore company.

The new company's business will be production and trading,

both at home and abroad, of construction materials and electrical goods as well as sta-tionery, printing and photographic goods. The company is the first established in Burma with pri-

vate foreign equity participa-tion since the Government announced its foreign investment law last November, which ended the 26-year ban on private foreign investment. The legislation set out to promote an open door policy towards foreigners, encouraging them to invest through wholly-owned companies or joint ventures with Burmese enterprises, state or privately-

#### Move to reduce Yugoslav deficit

THE YUGOSLAV and Soviet authorities are poised to agree a package aimed at reducing the sharp trade imbalances between the two countries, writes Aleksandar Lebl in Bel-

The two have agreed to work towards the reduction and eventual elimination of Yugoslavia's trade surplus, while maintaining bilateral trade estimated to reach \$5.7bn this

The agreement would involve the monitoring of trade flows to try to spot imbalances early, and the encouragement of harter deals.

# Pace of US-Soviet deals starts to pick up

Patient wooing of American enterprises is yielding results, Nancy Dunne writes

P ATIENT wooing of US business by Soviet representatives of co-operatives and government enterprises has begun to yield results. While scepticism about the Soviet economy and con-cern about the rouble's con-vertibility have retarded the courtship, the pace of joint ventures has begun to pick up in the US and abroad.

Of the estimated 650-700 joint ventures with foreign partners to have received Soviet government approval, about 40-50 are believed to have been formed with American companies, according to Mr Andrew Bihun, director of the Market Analysis Division of the US and Foreign Commercial Ser-

As an indication of the new interest, more than 80 US com-panies have signed up to attend USA '89, an exhibition to be held in Moscow from October 17 to 25, where they are expected to test the new law allowing Soviet enterprises to deal directly with foreign

The US-USSR Trade and Economic Council, which is spon-soring the show, said the list of those expected to attend includes members of the American Trade Consortium, headed by Chevron Corporation of San Francisco in a giant oil joint venture, IBM, EL du Pont de Nemours, and other large busi-

Consultants, lawyers and accounting firms are leading tures. But one of the most successful thus far, earning an estimated \$32m (£20m), will profit only the environment and Soviet rock 'n' roll fans. A deal between Greenpeace. the international ecology group, and Melodiya, the state record company, has produced the hottest selling record album in the USSR. With songs donated by two dozen of the West's biggest rock stars - including U2, Dire Straits,

The US Senate Foreign Relations Committee is planning hearings early next month on a proposed set of human rights principles for US companies doing business in the Soviet Union, Nancy Dunne reports from Washing-

The code would be voluntary and designed to guide American business activity in the Soviet Union in the same way as the Sullivan principles in South Africa.
"As private entities, Ameri-

can businesses are a symbol of freedom," Senator John Heinz, one of the sponsors, said. "But

Sting, The Grateful Dead, and The Thompson Twins - the album is first compilation of Western rock music officially released in the Soviet Union. The initial pressing of 500,000 copies of Breakthrough sold out immediately. A Greenpeace spokesman said the expected sale of the 4m records and 500,000 cassettes is reaping "millions of roubles" to be spent on environmental projects in the Soviet Union.

Proceeds are to be divided equally between Greenpeace and the International Foundations for the Survival and Development of Humanity, an East-West Soviet "think tank". American businessmen jour-neyed to Moscow last year excited about the possibilities of joint ventures, but most came back empty-handed

they should be more than symbols. They should uphold the same standards of human rights in the Soviet Union as they are expected to at home."
The proposed principles would not restrict US trade with the Soviet Union. But despite recent reforms, "the Soviet Union remains a place where the rights of the indi-vidual depend on the whim of

the government".
The Slepak Principles,
named after a Soviet emigré and human rights activist. Mr Vladimir Slepak, would ban the use of forced labour or products manufactured by

investment sector, Mr Bihun "Now they are taking a more rational approach," he added. "Now they ask where the enterprises are going to obtain hard currency, who controls them, who the pivotal deci-sion-makers are, to what degree the decisions are made at local level. They want to know what the Soviet Union has to sell to earn foreign cur-

expect to earn large profits immediately, but Young and Rubicam, the largest independent US advertising agency, has set up shop with V/O Vneshtorgreklama, the largest international advertising and commercial communications company in the USSR, without expecting to act as "a real because of confusion in the advertising agency" for at least constantly-changing trade and five more years.

> forced labour; the use of churches or synagogues as places of business; and prejudice against Soviet employees stemming from their ethnic, religious or political beliefs. Businesses involved in joint ventures would be urged to observe strict health and

heen introduced in the State
It would require the State Department to report annually on the business community's voluntary compliance

> ating income by "creating clients", says its spokesman. With both Western and Soviet clients, it is setting up joint ventures, and doing business

Assuming a continuation of what the agency calls "the sec-

planning in the next five years research, public relations, direct mall, consumer produc-tion education, and industrial, corporate and brand advertis-

ing.
The Soviets are equally enthusiastic about making deals with Americans, and doz-ens of representatives have been touring the US talking of opportunities. Mr Vitaly Voloshin, co-director of the new Ukrainian School of International Business, and two col-leagues with Kiev's Centre for Business Analysis and Market Research (Biznex) recently completed a US tour to solicit

investment in the Ukraine They eagerly spoke of the proposed Soviet free economic ods of operation.
Similar legislation, containing the voluntary code, has been introduced in the House.
It would require the State

Zones, which they said would be governed by elected leaders, would allow 100 per cent foreign ownership of enterprises, and would have the authority to sell foreign currency at many the state of the some free market price setting and reductions in customs duties, taxes and lease pay-

With few products on the shelves and no competing brands and shortages of everything except roubles — the 10-person Moscow office is gener-

ventures were: chemical machinery, production of instruments from artificial diamonds and superfirm materials, agricultural machinery, granite extraction, poultry farming machinery, food industry equipment, communication cables production, and mining.

#### ond Russian revolution", it is Soviet Union, Turkey step up trade links

By Jim Bodgener in Ankara

DEVELOPMENTS in Turkey's trade with the Soviet Union over the past week have underscored the growing economic links between the two coun-

Turkey's premier trading house, Ram Dis Ticaret, has signed up a \$44m (£27.5m)deal to supply the Soviet Union with 25,000 tonnes of tea. The tea order will absorb a sizeable proportion of Turkey's exportable surplus of around 40,000 tonnes from its annual crop of around 170,000 tonnes.
It is symbolic in more ways

than one - Turkey was forced to destroy its entire 1986/87 tea.

crop, because of radioactive

contamination from the fallout

of the Chernobyl nuclear soviet company, Razno.

Istanbul's Zihni Holding has agreed with the Caspian Ship-However, present supplies will come from the 1989 crop, so Turkey will not be handing back radioactivity to Soviet tea

The deal is outside the terms of the Soviet gas-for-Turkish goods and services programme underpinning much of Turkey's exports over the Black In addition, Ram Dis Ticaret

is helping to remove perennial Soviet morning stubble, with an order for 125m razorblades valued at \$3.7m.

These will not be shipped directly to the Soviet Union, but through a London-based

ping Company in Azerbaijan to handle the latter's international business from ships it plans to bring across to the Volga by canal, and down into the Black Sea.

This follows on from Turkish-Soviet shipping co-operation in increasing bi-lateral trade, targeted at \$1bn this

earlier in the 1980s insisted that as much of the trade as possible be carried on its own In compensation, it placed

large shipbuilding and repair

However, the Soviet Union

orders with Turkish yards. Docks at Istinya on the Bospo-rus and at Tuzla on Istanbul's outskirts are fully booked with the latter.

Soviet orders for Turkish construction companies continue to rise. The latest is to the MIR con-

sortium, valued at \$60m for the construction of 372 luxury flats on Moscow's Leninski Pros-This the first main contract

to be awarded to a Turkish contractor outside the terms of the gas deal.
The MIR consortium groups

Gama, Guris, Kutlutas, Kiska and Entas. Completion is due in 36 months.

#### Hitachi considers Munich chip plant

HITACHI, the Japanese electric machinery maker, is soon to finalise plans for an integrated semi-conductor plant in western Europe. The company may well settle on West Germany, partly as a reaction against the recent concentration of Japanese manufacturing investment in Britain, Robert Thomson reports from Tokyo.

The Japanese press said yesterday the company had decided on a site near Munich, but a Hitachi official stated that "discussions are continuing", though the "trend" was towards choosing West Germany. It was true Hitachi was "discussing the possibility" of a plant in the region, but no

# decision had been made,

aged petrochemical project.
Tehran's ambassador to Tokyo
sald in remarks published yesterday, Reuter reports from 1970s. licosia. The project was 85 per cent The Tehran Times daily complete when the Gulf War newspaper said more talks on broke out in 1980. It was the settlement figure were bombed several times by Iraqi expected. Iran has been negoti- jets and the Japanese says it is ating with South Korean com- no longer economical. panies to move in if the Japa-Ambassador Mohammad the Iranian side to accept the Hossein Adell told the Times [Japanese] withdrawal," the the offer was made after talks Tehran Times said. some time ago between Iran's It said Mitsul's president will National Petrochemical Com-soon go to Tehran to finalise pany and Mitsui, the main Jap-the settlement talks. IRNA, the anese partner in the Iran-Ja- official Iranian news agency, pan Petrochemical project. gave no date for the visit.

GEOGRAPHY has made the drugs by itself," said Mr A. N. R. Robinson, Prime Min-ister of Trinidad and Tobago. Caribbean archipelago an important link in the trade route of a lucrative, albeit illegal, commodity. US and regional government and secu-There has always been, howgovernments, about the extent to which they can afford to ask rity officials say the islands are being used with increasing frefor outside help in dealing with quency for the movement of hundreds of millions of dollars the narcotics industry.
"We cannot afford to leave worth of narcotics from South the security of our states in the hands of the American and British," said Mr Compton, America to the US. The main destinations are Puerto Rico - politically a part of the US - and the Florida peninsula. But Caribbean govbecause when they send in warships we start to quarrel and curse that the region is ernments now say there are being militarised." increasing signs that the tran-shipment of cocaine is not only But the Caribbean now appears to have found a possible solution through proposals being made by Mr Robinson, and Mr Michael Manley, his leading to increased consumption in the region, but to growth in organised and vio-Jamaican counterpart. Mr Manley has proposed the cre-"The drug trade is an enormous network stretching from ation of a special UN strike the South American mainland force to fight the international through the chain of Caribbean drug trade.

He said this could be structured similarly to a UN peace-keeping force, and would move quickly at the invitation of governments to deal with production and trafficking. He wants the UN to be responsible for the establishment and operation of the force because the UN umbrella is providing for such a force, countries would not have to be divided

If Mr Manley's proposal finds

their proposals, while address-But diplomats in the region

Mr Balderama points out that, a few years ago in return for some voluntary eradication of coca fields, "the government promised lots of things, but they haven't given us a stone. We were deceived." So the defiant town has turned its back

on the government and become self-governed. The locally elected town council collects and administers taxes on coca income and, with these, a well has been dug, sewage system pipes are being made one by one, a secondary school has been built and a new marketplace is under construction. It With considerable nudging

even has its own police force

where some 250,000 people directly or indirectly depend on coca farming. The Cha-

Death toll

may reach

63 in river

Transport Correspondent

THE death toll in the Thames pleasure boat disaster could reach 63, Scotland Yard said

London police said there was

"strong reason to believe" that 38 people were missing from the pleasure boat Marchioness,

in addition to the 25 bodies which have been recovered.

The Port of London Author-

the Port of London Atthurity (PLA) said many bodies
could have been carried
upstream by strong tides.
Police and PLA staff will continue to search the river for
the rest of the week.

There were 87 survivors from the collision between the

Marchioness and the sand barge Bowbelle near South-wark Bridge, the third to last bridge across the river, early on Sunday morning. Earlier, Mr Cecil Parkinson.

the Transport Secretary, tight-ened the regulations on the operation of pleasure boats.

and called an urgent meeting of river users to discuss safety

The new regulations, which

come into force at noon today

will require pleasure boat

passenger numbers on shore.

Mr Parkinson said passenger boat operators could also

expect frequent random inspec-

tions by Transport Department

diately reintroduce 24-hour patrols of the Thames, which

were discontinued in the early

1980s after heavy financial

It was unclear last night why

both the Bowbelle and the Mar-

chioness appeared to have been attempting to pass under the same arch of Southwark

The PLA said it would imme-

disaster

By Kevin Srown,

yesterday.

arm, brought scant comfort to

others in the market yesterday.
Lyonnais' gilts business
employed 39 people, with a
market share of only between 1

It had put up £10m of capital

to support its gilts operation, a drop in the ocean compared to the sum of about £400m still committed to the market.

However, coming so soon after Merrill's departure, the move indicated that the sui-

cidal level of competition in the primary gilts market may

The French bank has been

concerned about the losses

from its gilts business ever

since buying the former Alex-anders Laing & Cruikshank in the autumn of 1987.

The following February it scaled back Alexanders' origi-

nal plan to win a 5 per cent

share of the gilts market, to

the less than 2 per cent

Now, after a further review, Mr Ian Hay Davison, chairman of the Loudon operation, has

decided that enough is enough. Gilts losses have been run-ning at about £6m a year for

three years, with income not getting halfway towards cover-

ing the business' overheads,

even before counting the cost of the capital supporting the

Credit Lyonnais Gilts was

one of the group's largest loss-

Total losses in CL's com-bined London capital markets

operations last year were £26m

(not counting £14m of provi-

CONTRACT

ease soon.

per cent and 2 per cent.

By Simon Holberton, Economics Staff

problems with North Sea oil production led to the first fall in UK economic activity for nearly four years, according to Government figures published

The Central Statistical Office said that its provisional estimate for gross domestic product (GDP), as measured by output, in the April to June period was 0.4 per cent lower than in the first quarter of the year. GDP was 1.6 per cent higher than a year ago.

Excluding oil and gas pro-duction, which was affected by last year's explosion on the Piper Alpha oil platform and other problems with North Sea production, GDP showed no growth between the first and second quarters of this year. In the second quarter it was 3.4 per cent higher than in the April to June period of 1988.

The figures for GDP, which

measure the total output of goods and services in Britain. are consistent with recent monthly data, such as retail sales and industrial produc-tion, which pointed a slower growth in the economy.

The fall in the GDP took the London markets by surprise; they had expected a modest rise output. Analysts said the

HIGH INTEREST rates and and that they may overstate the slackness of activity in the

> Preliminary estimates of GDP in the first quarter showed a fall compared with its level for the October to December period of 1988, but were revised to show a rise of 0.1 per cent. Analysts noted that earlier figures for consum-ers' expenditure had shown a strong rise in the second quar-

But it said the figures were consistent with recent indica-tors showing a slackening in demand in recent months. The Treasury repeated its position that interest rates would remain as high as necessary

# Labour claims education

THOUSANDS of teaching posts could disappear from inner-city schools as a result of one of the UK Government's educational reforms designed to devolve funding responsibility to school level, the opposition

Labour Party said yesterday. Mr Derek Fatchett, a Labour education spokesman, issued the warning as he published a Labour Party survey of plans by 30 local authorities to devolve management responsi-

bility to schools.

Local authorities have until the end of next month to give plans for introducing this the second quarter.

ter.
Mr John Shepperd, economist at Warburg Securities, said: "It doesn't feel as though the UK economy slipped into recession in the second quar-ter. I suspect that the figures are not as weak as they look and will be revised upwards later."

The Treasury also cautioned against reading too much into the figures. It said the lack of growth in non-oil GDP between the first and second quarters of the year reflected an apparent retailing and catering indus-

reform, to be phased in from next April, to the Department

# Lazard wins lion's share of advisory

LAZARD Brothers was the leading financial adviser on UK mergers and acquisitions during the first half of the year, according to an analysis published yesterday by Extel Financial/IDD, the British financial and business information service.

companies. But Extel emphasises a look

Samuel are overall joint number one, each advising on 25 transactions, worth 3.1 per cent of the total number.

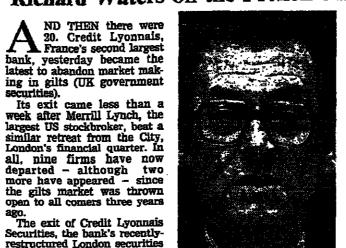
The analysis arises out of a

period in 1988. At that time, Goldman Sachs led the table, followed by J. Henry Schroder Wagg (this year in 11th posi-tion) and then N.M. Rothschild (this time 12th).

Extel's analysis covers only those bids concluded (com-pleted and unconditional) for

Extel points out that the three events which dominated the first half – the manage-ment buy-out at Magnet, the leveraged buy-out of Gateway by Isosceles, and the much rumoured very big leveraged buy-out which emerged in July when Hoylake bid for BAT industries - were not com-pleted during the period. The first six months saw

value was accounted for by 13



Hay Davison: pulling out

sions and £20m of goodwill written off). Faced with the target of bringing the operation back into profit by 1990, Mr Davison, found the gilts business was

the last thing he needed. Of the 39 people now surplus to requirements, 25 have been offererd jobs elsewhere in the group. The remaining 14 have, however, been made redun-

Departures like this may be the most visible sign of the reduction of competition in this market.

Market participants, how-ever, say that more important changes have been going on behind the scenes.

A number of firms have scaled back their operations, while opting to maintain an impression of commitment to the market by not withdrawing completely, they say. The result has been a steady easing of competition.
The scale of competition is

not a function of the number of firms, its a function of the number of salesmen," said Mr John Lewis, head of the debt division at UBS Phillips &

any – including his own firm – have cut ▼ the size of their sales-

forces which is dedicated to

Richard Waters on the French bank's decision to abandon the City Current gilt-edged market makers: James Capel Gilts Kleinwort Benson Gilts J.P.Morgan Sterling Securities NatWest Gilts

Aitken Campbell (Gilts) Barclays de Zoete Wedd Gilts Baring Wilson & Watford BT Gilts Cater Allen Securities Chase Manhattan Gilts CSFB (Gilbs) Daiwa Europe (Güts)\*

Credit Lyonnais joins the retreat

from London's main gilts market

Gerrard & National Securities Goldman Sachs Government Securities (UK) Greenwell Montagu Gilt-edged

\*Joined since Big Bang ...and those which have pulled out:

Nomura Gilts

Warburg Securities (Gilt-edged)

Phillips & Drew Moulsdale Salomon Brothers UK

Shearson Lehman Hutton Gilts

Citicorp Scringeour Vickers Credit Lyonnais Gilts Hill Samuel Wood Mackenzie (Sterling Debt) Hoare Govett Sterling Bonds Lloyds Merchant Bank (Government Bonds)

has been lower overheads for firms to cover. With losses running at an annual rate of £100m at the end of 1988, this can only be a step

in the right direction. Another result has been a growing concentration of mar-ket share.

Competitors scaling back or pulling out play into the hands of the larger firms, says Mr John Shepherd of Warburg-Institutions dealing with a firm that pulls out tend to redirect their business to these firms, rather than to other small ones. Individual businesses refuse

to discuss their particular market shares. However, the lead-ing four - Warburg, UBS Phillips & Drew, Barclays de Zoete Wedd and Greenwell Montagu - are said to account for slightly more than half of the market. This is still a far cry from

the pre-Big Bang days of the early 1980s, when only two firms accounted for 75 per cent of the market, and there were only eight firms involved in

However, it is a significant development since earlier this year, in February the Bank of England reported that six firms spoke for 45 per cent, and that this level of concentration had not changed much since

Securities Prudential-Bache Capital Funding (Gilts) RBC Gilts

Merrill Lynch Government

Morgan Grenfell Government

hinting at the profitability of the larger firms.
Other factors, however, come into the equation. The current "patchy and thin" conditions in the market meant that large market share will not bring immediate rewards, says Mr

Another indication of the scaling back of competition has been the reduction in the crews to give passengers emer-gency information before sail-ing and to leave a record of amount of capital committed to

the gilts market.

At the end of 1988 this was 2420m, compared with £595m a the time of Big Bang; firms had chosen not to replace capital wiped out by the heavy losses watering over the two years. sustained over the two years.

The evidence points to an easing of the losses, if not actually a return to profit, at the

t also suggests a gradual winding down of smaller participants, leading in some cases to full withdrawl. Few doubt that others will follow Merrill, CL and the others before them.

larger firms.

According to one popular view, the "domino theory", the departure of one of more firms will make it easier for others to follow without losing face. However, the fact that departures dried up for the first eight months of this year, after the loss of Morgan Grenfell and Hoare Govett, makes this just a shot in the dark.

Bridge.
The PLA said a tape recording of VHF radio transmissions before the accident had been passed to the police and the Transport Department's Marine Accidents Investigations Branch. The authority confirmed that

the Marchioness was equipped with VHF radio, and would have been able to contact the Bowbelle on Channel 14, the marine channel.

between the two boats, or of communications between the Bowbelle and the Thames Navigational Service at Woolwich. The police said that blood samples had been taken from all seven crew of the Bowbelle

and the second officer of the Marchioness. The master of the pleasure boat is thought to have been killed. The master and second offi-cer of the barge were released yesterday after being arrested

immediately after the accident. Scotland Yard said a report Post mortem examinations

#### reforms may hit schools By David Thomas, Education Correspondent

of Education. The Government said at least three-quarters of each school's budget must depend on the numbers and ages of its pupils and the money to be allocated to schools for staff salaries will be based on the average salaries throughout the local authority. Mr Faichett claimed day that

this would penalise some inner-city schools used to get-ting extra money to compensate for the special social problems of their pupils.

# **business**

By Clare Pearson

Lazard was the clear winner in terms of overall M&A activ-ity, advising on 23 transactions, worth £3.6bn, which also represented 23 per cent of the total deal value. Lazard also led the field in advice to the manufacturing sector as well as to overseas acquirers of UK

at other subsets shows the honours being widely spread among the financial institutions. For instance, measured by number of transactions, Charterhouse Bank and Hill

new service launched this spring, but Extel has provided some data on the comparable

the period, and excludes unsuc-cessful and lapsed bids. Its rankings are based both on offer documents and a survey of financial advisers. It gives equal credit to all advisers, which it says probably over-states the success of the US

815 deals concluded, worth £15.1bn. Almost a third of the

#### A result of the contraction Market share is one factor New rules likely for credit cards

THE long-awaited Monopoly & dent of credit cards in the US living under the shadow of the the credit card industry is to be published by the Depart-ment of Trade and Industry

The report was completed in May and was due to be pub-lished in July, but its appear-ance was delayed by the former Trade and Industry Secretary, Lord Young His successor, Mr Nicholas Ridley, has broken with tradition in publishing the report during the parliamentary summer hol-

The MMC is widely expected to recommend two changes to increase competition and make the credit card market more fair for customers who pay interest on cards. The first will be to recommend that British card issuers follow the prece-

If it is made, this proposal will be welcome to large issu-ers such as Barclaycard who already believe that their profits cannot be sustained without making an annual charge. The second proposal, which will be fiercely resisted, is that retailers should be allowed to

charge customers less if they

pay in cash rather than by card. Petrol retailers have already begun such moves. The report is the second inquiry into the credit card industry in less than a decade. Many of the main recommendations of an earlier report published in 1980 were ignored by the Government.

However, for the past year credit card issuers have been

new report. The biggest British card issuers, Barclaycard and the member banks of Access, were informed exactly a year ago that the commission had concluded there was prime facie evidence that they were

operating a monopoly.
Since then, there have been dramatic upheavals in the credit card industry and the large banks now claim that competition has become so intense that the original terms of reference of the MMC inquiry no longer apply.

The banks are also expected

to criticise the report for not including charge cards, such as American Express and Diners Club, and retailers' store cards, which have become almost as important in the plastic payments industry as credit cards.

However, it was not clear whether the tape contained a recording of a conversation

would be sent "within days" to Mr Alan Green, the Director of Public Prosecutions, who would take any decision to

ook place yesterday on the 25 bodies recovered, while the hull of the Marchioness was beached at low tide at Walbrook, on the north bank near Southwark Bridge.

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#### Joint bid for stake in **Paternoster**

By Paul Cheeseright

STANDARD Life Assurance of the UK and National Mutual of Australasia are to make a joint bid for the main parts of Paternoster Square, by St Paul's Cathedral in the City of London, now owned by Organizacion Diego Cisneros, the private Venezuelan company.

The two insurance groups declared their interest yester-day while seeking to give the impression that no redevelopment could go ahead without their co-operation. Paternoster Square is a 1990s

development of angular offices and draughty open space, totally out of keeping with the neighbouring cathedral. Its redevelopment is one of the most sensitive property issues in London.

Both Standard Life and National Mutual have property interests at Paternoster Square. The main holding, however, is owned by Organizacion Diego Cisneros which, through Salomon Brothers, the investment bank, is holding a tender to sell about 75 per cent of its interest.

The first stage of this tender closes tomorrow, when there will be about six bids in addition to anything sent in by the two insurance groups.

Standard Life and National Mutual, with the Central Electricity Generating Board. another landowner, have agreed to work together to ensure redevelopment of the entire area is based on a single

#### ينك القاهرة السعودي SAUDI CAIRO BANK

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FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED 30th JUNE 1989

ASSETS	30/06/1989 SAR '900	30/06/1988 SAR '000
Cash and deposits with S.A.M.A.	301,255	332.899
Due from banks	2,801,171	3,231,152
Loans and credit facilities (net)	4,015,510	4,277,208
Other seeds	989,838	692,743
TOTAL ASSETS	8,107,774	8,534,002
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SHAREHOLDERS' FUNDS AND LIABILITY	TES .	• •
Shareholders' funds	606.301	716.835
Customers' disposits	6,670,601	6.886.717
Borrowings from banks and		-1,
other liabilities	830.872	930,450
TOTAL SHAREHOLDERS FUNDS	· · · · · · · · · · · · · · · · · · ·	***************************************
AND LIABILITIES	8,107,774	8,534,002
CONTRA ACCOUNTS	2,317,235	2 (2)
	محجاء اجاء	2,121,105
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PROFIT AN	D LOSS ACCOUNT	
Operating income	286.028	200 410
Less: operating expenses	290,174	229,412 249,423
Carra constitutions)		
Gross profit/(loss) Less: bad debts	5,854 8,327	(20,01)
LCSS. VOLUME	. 6361	35,256
Net (loss)/profit (before	(2,473)	(55,267)
provision for doubtful debts)	• •	

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# Japanese funds forecast to boost British economy

By Ralph Atkins, Economics Staff

JAPANESE companies could return the UK trade deficit to surplus within six years and account for a tenth of manufacturing output by 2000, a Japanese securities house forecast

yesterday.
Gains from Japanese investment will spread beyond the current focus on motor vehicles, boosting economic growth, cutting inflation and increasing productivity, Nomura Research Institute predicts. The inflow of funds will strengthen stepling and will strengthen sterling and allow for lower interest rates. The report, launched by Sir

Douglas Wass, former permanent secretary at the Treasury and chairman of Nomura in the UK, gives an upbeat assessment of benefits from Japanese investment. It forecasts knock-on effects for UK companies such as increased demand for components and the adoption of Japanese style management techniques.

Japanese investment in the UK is forecast to grow from £2.3bn in the 12 months to March to about £6.5bn in 10

years' time. The UK is expec-ted to receive a disproportion-ately high share of Japanese overseas investment as companies are attracted by lower costs and a warmer political

Mr Chris Dillow, the report's author, says the creation of a single market in 1992 will attract Japanese companies into the UK, particularly as investment in US markets reached saturation point. He estimates UK labour costs are 20 per cent lower than in France and 70 per cent lower than in West Germany. Areas in which increased

Japanese capacity in the UK is already planned include computers, semi-conductors and office machinery.

The report says the risk of

Japanese merely displacing UK-owned competitors is "very small." Much of the Japanese output will be intended for export, not domestic markets, while in areas such as video-recorders or compact disc play-

By the year 2000, Japanese output in the UK is estimated to rise to about £16bn - equal to about 10 per cent of manufacturing output. Gross domestic product could be 10 per cent higher than otherwise.

Faster productivity growth in the UK, spurred by Japanese companies, will ease inflationary pressures, it says.
That could allow the Govern

ment to cut base rates perhaps by as much as 5 percentage points more than otherwise in the next few years.
The report says that Japanese investment may worsen trade figures initially as companies import components, but that increased profitability and local sourcing will improve the

By 1995 the deficit is expec-ted to have been returned to a

Surplus.
"Given that most long-term forecasts for the UK economy envisage a substantial trade deficit for the rest of the cen-tury, this is a remarkable result," the report says.

# Savings fuel mortgage optimism

By David Barchard and Eric Short

THE CHANCES of savings institutions maintaining mort-gage rates at present levels brightened yesterday with a significant improvement in the July flow of funds from savers. Net receipts from savers were £846m, according to the Building Societies' Association

which draws together savings institutions dealing mainly in The figure was an unexpectedly strong recovery after a disastrous month in June

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when, in the first net outflow for three years, deposits declined by £153m. The July figures are the first BSA statistics to exclude Abbey National, formerly the second-largest building society, which left the association after its flotation last month.

Another poor month for deposits would have left building societies under strong pres-sure to raise their lending May at half a percentage point below the 14 per cent banks' base rate to squeeze other types of lender, notably banks and mortgage companies, which rely on more expensive wholesale funds from the money markets.

New mortgage lending by building societies in July was £3.83bn, well below the level of lending which prevailed in the first half of last year, though slightly above monthly lending

Mersey spill threatened power station closure

By Ian Hamilton Fazey, Northern Correspondent THE large oil spill which pipeline 10 miles downstream

contaminated the River Mer-sey, north west England, at the weekend almost forced one of Britain's largest power stations to close down, it emerged yes-

terday.

Fiddlers Ferry, the station sited between Widnes and Warrington in Cheshire, came close to sacking in millions of gallons of polluted cooling water following the spillage from a fractured Shell pipeline. Contamination now stretches about 30 miles from Warrington to Formby.

The station was forced to install emergency booms and filters to keep the oil out before using river water again. It uses 20m gallons a day. Shutdown was considered at

one stage. The polluted water would have contaminated cooling systems and equipment. The station escaped only because its settling lagoons had just been filled when the oil spilled from a fractured on the opposite bank of the Mersey at Bromborough and it was able to use this water as a Shell has offered to pay for all the costs involved. Mr Bob

Neish, the station manager said that no one yet knew how much these would be. Clean-up of the spillage could take up to six months, according to some sources yes-

Popular beaches at Crosby and New Brighton have a spattering of oil globules and pud-dies along the tideline but the worst effects appear now to be concentrated along the Mersey between Liverpool Airport and Warrington at the narrowest

part of the river.
Four exceptionally high tides have carried some of the slick upstream, forcing it up the waterway to deposit oil on each bank, leaving a one inch thick tidemark about seven

#### Shipyard workers urged to buy shares

By Our Belfast Correspondent and Kevin Brown

EMPLOYEES of Harland & Wolff, the Belfast shipbuilder, were yesterday urged to buy £2.35m worth of shares in the company due to be privatised

The share prospectus, pre-pared by Morgan Grenfell, was delivered to individual employees yesterday. Har-land's 2,350 workers are gnar-anteed 900 shares at £1 each if they want them and financial assistance will be available to help pay for them. The minimum share application will be

The company's three execu-The Company's time to the tive directors, including Mr John Parker, chalrman, are investing £50,000 each and senior management are being offered up to 5,000 shares

The prospectus gives detailed financial information on the company, which is being acquired by a manage-ment-employee buy-out sup-ported by Mr Fred Olsen, the

Norwegian ship owner. Mr Olsen is investing £12m and placing orders for three tankers which will be built at the yard. A further £500,000 is being raised mainly through local financial institutions.

The buy-out is conditional on the raising of £15m. To date, the executive directors have provided £150,000, the Olsen companies £12m and local investors £500,000, leaving the employees to raise

In a letter accompanying the prospectus Mr Parker told employees: "The future of the yard is in our hands.

"We are well on our way to our goal of £15m. The choice is now yours. Of course, there is a risk in buying shares and no one can force you to invest. But this is a risk we can all do

something about, working together as a team."
Mr Parker made it clear that if a vast majority of employees failed to take up the share offer, the buy-out would fail.

Last month 2,361 employees accepted new terms and conditions for the company, involving the end of an enhanced redundancy scheme which guaranteed workers redundancy payments above the statutory minimum. Employees are to receive an

ex gratia payment in return for the ending of the scheme

buy new shares.

Morgan Grenfell said votes
in the new company would be: anagement and employees, 47.5 per cent; Olsen companies, 47.5 per cent; and outside investors, 5 per cent. The final date for receipt of share appli-cations is September 5.

The prospectus broadly confirms the details of the deal between Harland's management and Mr Olsen which was announced by Mr Tom King, then Northern Ireland Secre-

# Sock industry hit by imports

By Alice Rawsthorn

industry has been bit by a rapid rise in imports of socks from Turkey and Indonesia. The influx of Turkish and Indonesian socks into the UK has increased dramatically since last summer. The increase is already depressing the output of the sock manufacturers, which employ about 5,000 people, mainly in the East Midlands. It is also imposing pressure on profitability, because of the low price of the

THE EAST Midlands hosiery

imported products.

This threat to the stability of the sock companies comes at a

vulnerable time for the East Midlands knitting industry, which is embroiled in job losses and company closures after a year of intensely com-petitive trading conditions.

Until the Turkish and Indonesian problem, the sock sector had emerged unscathed from the knitting industry's problems. But the overall level of sock imports rose by 39 per cent to 92m pairs - more than half of the UK market - last year. Turkish sock imports doubled to 13.7m pairs and indonesian imports quadrupled to 10.8m pairs in 1988. This

rapid rate of growth continued into the first half of 1989.

The average price of Turkish socks is 23p a pair and 25p for Indonesian products. This comprice of 50p for a pair of socks made in the UK. It means that the socks from Turkey and Indonesia are being sold for less than the cost of raw materials to a UK manufacturer. Given that it tends to take

to affect trading patterns, the UK manufacturers did not feel the impact of the increase in imports until this spring.



# Britons join pioneering German training scheme

David Thomas on the recruitment drive by Hoechst

Who last week received the results of their A-levels – the public exams for 18-year-olds — will fly to Frankfurt on Friday to join 150 of their West German counterparts on a two-year commercial training scheme run by Hoechst, the German chemicals group.

All five seem remarkably nonchalant about their pioneer status, for Hoechst is breaking new ground in recruiting Brit-ish school-leavers to spend two years in Germany, taking advantage of the country's famed industrial training.

The five - three girls and two boys - could herald the start of a wave of initiatives in the recruitment and training of school-leavers crossing European borders, as Mr ian Pea-cock, Hoechst UK's personnel chief, explains: "We are trying to develop our managers on a European basis."

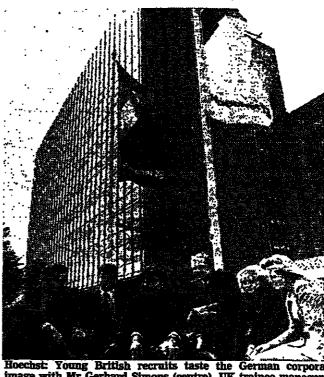
Mr Peacock wants to expand the scheme if the experiment proves a success. He believes the progress of the five will be closely watched by other Hoechst subsidiaries in Europe and by other German multina-

So why are five young Britons willing to give up the opportunity of a university place to spend two years in a company flat in the vast Hoechst complex on the outskirts of Frankfurt?

Mr Stephen Cole, a self-as-sured 18-year-old from Caterham who took A-levels in control design, business studies and geography, decided he would rather go straight into a job than on to college. But hav-ing passed over higher educa-tion, he wanted top-class training from his first employer.

Mr Cole found the attitude of British companies disappoint-ing. "British employers don't seem to advertise their training schemes very much. It's very difficult to find out what "Apprenticeship," with its overtones of oily rags and tea-breaks, is a misnomer for what

the five Britons face at Hoechst. Mr Gerhard Simons, a 25-year-old marketing manager and a graduate of the company's Industriekaufmann apprenticeship scheme, led the



Hoechst: Young British recruits taste the German corporate image with Mr Gerhard Simons (centre), UK trainee manager

induction session at the company's UK headquarters, a stone's throw from London's Heathrow Airport.

The scheme is divided into five sections which includes placements in two to three months blocks in the company's main functional depart-ments; formal studies at a local college; teaching in two foreign languages; in-house seminars to improve trainees' grasp of computers and sales; and training to develop social skills.

Hoechst likens this package to a mini-Master of Business

Administration degree. It is almost unimaginable that a British company would lay on something as extensive for school-leavers. Yet Hoechst has 6,000 young people on various types of apprenticeship throughout Germany at any

one time.
The five Britons will be eligible to work for Hoechst in the UK or West Germany after their training. Mr Peacock professes to be relaxed about their each will cost the company \$8,000 to train, excluding direct costs such as three return flights to the UK and salaries of DM700 (£229) a month in the first year and DM800 (£261) in

He recognises that the Brit-ish lay stress on having a degree and this may prompt some of the five to seek a place at a British or German univer-sity after their train-ing – even though Germans like Mr Simons do not feel at a disadvantage without a degree. Ms Ilsa Paxton, a 17-year-old

from Wrexham, North Wales, already knows she wants to go to a British university after her Hoechst training. Mr Peacock is already considering how to keep in touch with people like Ms Paxton

who plump for the university route, perhaps by offering them sponsorship or work experience in the vacation. When sifting through the 40 applications for this year's

scheme, Hoechst considered not just candidates' academic qualities, but also their ability to cope with two years in a foreign country.

#### **BA** reaches agreement in dispute with staff

By Jimmy Burns, Labour Staff

BRITISH Airways, the UK flag carrier, is expecting a return to normal working today after cabin staff voted to suspend their industrial action in sup-port of a sacked air stewardess which has disrupted the company's domestic and European services since Friday.

A return-to-work formula, however, which was backed by hundreds of cabin staff at mass meetings yesterday, appears to have guaranteed a period of stability for the airline's operations only during what remains of the peak summer season. Further disruption is threatened next month.

The dispute led on Friday to the first 24-hour strike by cabin staff at the company since 1985. Just over half of the European flights operated that

day.

The ensuing disruption caused continuing delays and cancellations over the weekend and yesterday as some cabin staff continued striking or

holding mass meetings.

Mr George Ryde, TGWU airline secretary said the "important thing" was that BA had
agreed to consider the verdict
of an industrial tribunal which will consider a case for unfair dismissal on behalf of the sacked air stewardess towards the end of next month.

Union officials stressed that while any decision of an indus-trial tribunal in favour of reinstatement is not legally binding, "there is no guarantee that the dispute will not continue" if the company refuses to abide

BA officially described Sun-day night's agreement as a compromise. It denied a suggestion made by union officials that the credibility of its man-agement had been seriously dented after adopting a hard-line policy at the outset of the dispute, only to subsequently

back away.

BA officials last night said there was no question of the company going back on its decision to sack the stewardess, regardless of the outcome of the industrial tribunal, and that the hardline attitude adopted by the company had been vindicated.

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Newcastle Business Park – a £60m project consisting of a 500,000 sq.ft. complex of quality business space set in 60 acres of landscaped parkland with Enterprise Zone status.

■ Hylton Riverside – a business and innovation park with Enterprise Zone status.

St. Peter's Basin – a £27m marina village.

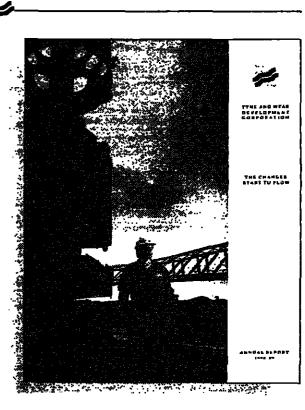
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The Prime Minister, during a visit to Newcastle Riverside,



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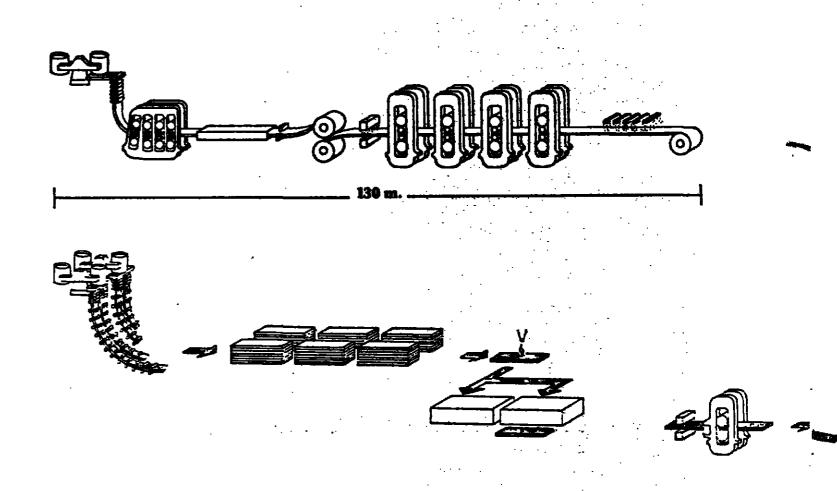
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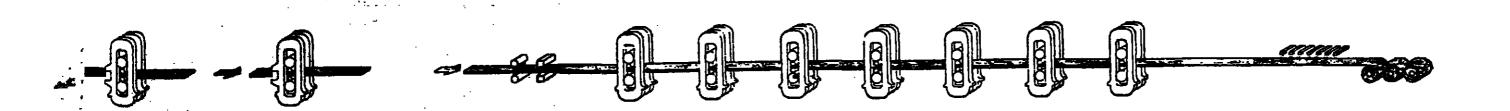
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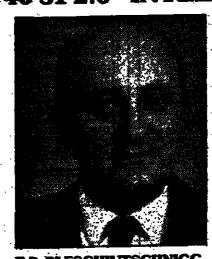
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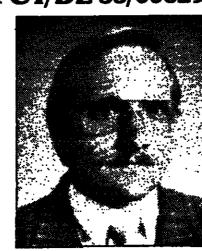


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# Problems of getting South Korea's market licked

An American ice-cream company's experiences exemplify the pitfalls and opportunities of setting up in an economy in transition. Maggie Ford reports

hen Jay Tunney decided to branch out into his own small business abroad, he thought he had followed all the rules. He chose a quality product which had been test-marketed successfully in a similar country, he studied the new market, the government regulations and the financing situation. He was prepared for hard work.

What he didn't bargain for was that his chosen country - South Korea - was about to undergo a period of political and economic transition. Eighteen months later, Tunney's business is doing well but it will be some time before he can afford to relax. "The only certainty is change," he

says.

The story of Tunney's company, which sells high quality Hobson's ice-cream, is a cautionary but positive tale for small businessmen looking at opportunities in one of Asia's fastest

The country's exceptional success as an exporter has now meant that its 43m people have money to spend, especially on luxuries and consumer goods. After years of bans on imported products and on foreign investment, restrictions are now being lifted. As Tunney has found, the opportunities are there, but the problems should not be underestimated. Hobson's is a small Californian

company making high quality ice-cream in a broad range of different flavours. Four years ago it set up in Japan, where 26 ice-cream parlours now make net profits of around \$1m

Tunney, whose late father Gene was once the champion world heavy-

Marketing tools for the small

accounting firm. M.M. Shenk-

identifying three steps essen-

of marketing niches; discusses

the various tools which can contribute to a successful mar-keting effort — announce-ments (eg when admitting a new partner), newsletters and

publication of articles. Notes

the importance of getting staff

involved and an inset gives a

four-step guide to writing a press release.

weight boxer, has years of business experience in Asian countries including Japan, Hong Kong and Burma. He decided to invest \$750,000 in the Korean business, half of it borrowed locally. Now into its second year, sales in the first half of this year have tripled compared with the first half of

But in that time Tunney has been forced to rethink completely his plans for the development of the business because local conditions changed so

"Originally I planned to set up American-style ice-cream parlours," he said. "But property prices and rents have rocketed, and the huge increase in traffic means that you must now go to the customer, because

he won't come to you."
Instead of parlours, Hobson's now sells at ice-cream "corners" – gaily painted carnival style marquees in hotel foyers, department stores, res-taurants and supermarkets. One full-scale parlour has opened in a tourist and shopping area favoured by both foreign and Korean residents.

While Tunney has been forced to devise ways of expanding at low cost, he has, however, been able to save money by manufacturing the ice-cream locally. Originally he imported it all from the US, one of the first foreign businessmen allowed by the government to import a food prod-

After a while, government officials suggested that Hobson's might like to manufacture locally, but Tunney rejected the proposal because of concern over quality. After one year, the government insisted. Luckily, in the interim a Danish

company had set up a joint venture in South Korea producing good quality dairy products. This company is now manufacturing good quality ice-cream to the Hobson's formula and is saving 25 per cent on costs.

Tunney has now become an old hand at dealing with a Korean bug-bear so memorable to those with experience of Japan - the many and varied opinions of government officials. He gives high marks to top-level

government ministers, believing that they are sincere in opening the market and allowing more foreign partici-pation. But middle-ranking officials and inter-ministerial rivalries remain a problem, he reports.

"People in this country have been taught for a generation that they must export in order to eat," he says. "For years the idea has been to keep foreigners out and there is still suspi cion at middle levels." Personal contacts are often the only solution to such problems, many businessmen

But perhaps the greatest adjust-ment Tunney has had to make involves working with his Korean staff of 20. Their amazing work ethic has meant that to show his own commitment, the boss must work a 12hour day, sometimes seven days a

He practises a form of benevolent paternalism, stressing fairness and concern for employee needs, and praises his workers' dedication highly. Many foreign businessmen would, however, find this exhausting and often frustrating, he warns, esp cially since South Korea's democratic transition has enabled the rise of



Jay Tunney: originally imported Hobson's ice-cream from California but the South Korean government insisted on its local manufacture

Foreign advisors at the govern-ment-funded Small and Medium Industries Promotion Corporation, set up with a \$700m budget to provide training, cheap financing, and help with setting up smaller businesses, say that South Korean small business men are keen to find foreign partners.

They are normally looking for equity financing for a business, medium to high technology transfer and an opening to a foreign export

ket is becoming more important. But foreign companies should take a careful look at the country, espe-cially because of its transitional char-acter, they advise. Tax benefits for joint ventures have recently been changed, making it more expensive to station expatriates in South Korea.

Rather than demanding control, it

Those who want more involvement market - although the domestic mar-

he has learnt how to make money and how to bend with the bamboo.

investor to take a minority stake in a joint venture, sign a technology transfer and royalty agreement and let the Korean partner run the company. If the Korean has a majority stake the company is then entitled to all the preferential benefits that a small local company would receive and the for-eign investor avoids most of the manment problems.

may now be better for the foreign

Those who want more involvement should search for a partner they feel they can trust, where good communications can be established, and come prepared to be flexible, open-minded and, above all, patient.

According to Jay Tunney, doing business in South Korea is an endurance test. But after almost true trees.

ance test. But after almost two years

specifically the characteristics of small businesses (eg concen-tration of ownership, lack of formal systems and authorisation procedures), the "com-pleteness" assertion, and management override; states that the report's conclusion is that an efficient audit strategy for small businesses should be based on a substantive approach which makes use of

are condensed from the nale published by Anhar Mon-ations. Licensed copies of the may be obtained at a cost of any VAT

# Unemployed who are unlucky twice

In the West Lothian region of Scotland firms started by those out of work are more likely to fail, recent research finds

desire to achieve employment than to achieve independence or financial reward. In turn, they are also more likely to fail than employed people who establish their own firms and whose motivation is most likely to be a desire to achieve

independence.
These are among the findings of a survey\* carried out in the West Lothian area of Scot-land between Glasgow and Edinburgh earlier this year. The region is one of high unemployment; the rate is per-sistently above the Scottish average and long-term unem-ployment is a particular prob-It emerged from the study

that nearly three-quarters of the founders of firms that ceased trading were previously unemployed compared with less than a third of those who were still trading. "It appears from these figures that firms started by unemployed people are less likely to survive," comment the authors of the report, Dr Ivan Turok, of the Centre for Planning, Strathclyde University, and Dr Pat Richardson, of the Scottish Enterprise Foundation, Stirling Univer-

The authors do not claim that the findings provide a complete picture - for exam-ple, they were not able to get responses from all owners of firms that had gone out of business - but feel that they are a good indicator of how and why small firms start and fail in the region.

They found that half of the founders of the near 200 firms

identified were previously manual workers, usually in skilled rather than less-skilled jobs; only one in ten had significant previous managerial experience, a far smaller pro-portion than revealed in other surveys of small firms. More in line with the norm was that nearly two-thirds of founders had started firms in the same trade or industry in which they were formerly employed.

Most firms still trading have a low level of sales: a fifth generate less than £10,000; 54 per cent have annual sales of less

nemployed people who set up in business are motivated more by a than \$240,000; and just over a fifth have sales of more than \$250,000 a year. Nearly half fifth have sales of more than £150,000 a year. Nearly half cited lack of finance as the biggest constraint on expansion, although a fifth did not have any desire to grow and 10 per cent were hampered by a short-

age of skilled workers.

The two biggest reasons for small firms in the region going out of business were "lack of sales/orders" and "cash flow difficulties". A quarter were hit by bad debts and a similar proportion wound up their businesses because they found

businesses because they found paid employment instead.

Among "growth" firms a larger proportion were engaged in the same or similar business to the previous occupation of the founder. In contrast, firms that had diversified appeared likely more likely to be "structure of the previous occupation of the founder." slightly more likely to be "sta-

ble" – ie standing still. It emerged that small firm founders in the West Lothing region displayed a relative reluctance to seek outside help. Before starting their busi-nesses, they each consulted an average of two agencies, com-nared with pearly five for pared with nearly five, for example, indicated in another survey of small firms in the

north east of England. Significantly, while a third sought advice from accountants and just over a quarter from banks, or the local devel-opment agency, more than half sought help from a locally constituted development company, Bathgate Area Support for Enterprise (BASE). This was set up in 1983 by the West Lothian District Council, Lothian Regional Council, the Scot-

ish Regional Council, the Storish Development Agency and British Leyland (now the Rover Group).

BASE started by offering a largely undifferentiated service, but since it set up a Business Development Centre in ness Development Centre in 1986 with the West Lothian College of Further Education as a start-up training facility it has provided more specialist advice and financial packages to start-ups and existing firms.

\*Supporting the Start-up and Growth of Small Firms: A Study in West Lothian. Avail-able from the Centre for Planning, University of Strathclyde, 50 Richmond Street, Glasgow G1 1XN price £3.50.

# Small business abstracts

man in Journal of Accountancy (US), Feb 89 (5 pages) Decision support systems for small business. J.N.D. Gupta and T.M. Hains in Journal of Systems Management (US), Feb Offers marketing advice to small or new accounting firms, tial to containing costs while maximising benefits, for instance, careful identification

89 (6 pages) Based on a survey of small business executives in Indiana, reveals that most think computers would enhance decision-making. Explains how a decision support system can assist in information management, data quantification (ie condensing and analytically manipulating data), and model manipulation. Shows how to ascertain the business needs for a DSS and the desired DSS features, and discusses the types of software available. Employee buy-out takes to the road. J. Freeman and others in Industrial Participation (UK),

Winter 89 (4 pages)
A case history of the creation of People's Provincial
Buses (previously a subsidiary of National Bus) via an employee buy-out in 1987; describes the share ownership structure (equal shares for everybody), the arrangements for share transfers/disposals/acquisition, the continua-

BUSINESS OPPORTUNITIES

tion of trade unions, and the role of the participation committee.

Expert system software in small business decision-making. J.J. Sullivan and G.O. Shively in Journal of Small Business Management (US), Jan 89 (10 pages)

Points to uses of expert systems (ES) in small busi-nesses; serving as an assistant, reducing role conflict (between the owner as both manager and expert), fostering self-man-agement (the ES forces the owner to examine his or her

own mind at work), providing marketing support. Provides a case study - a cabinet shop called The Cabinet Works - of an ES in action on a bid for a particular job. Establishes that the ES can improve self-manand reduce role conflict, but is wary about its use in marketing, eg would "a sys-tem orientation" result in cus-tomer needs not being focused

How to find the right audit for small business. R. Chandler in Accountancy Age (UK), Oct 27

1988 (2 pages) Considers aspects of the Canadian Institute of Chartered Accountants' report on the audit of small business,

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growth. Working capital finance for stock and work in progress. For details contact Paul A Sayers, **HURCHILL** MERCHANTING LIMITED Churchill House, 136 Buckingham Palace Road, London SW1W 9SA. 01-730 8428

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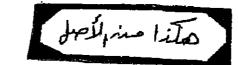
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Airtime retailer/service provider for sale for cash only including valuable licence and excellent subscriber base. immediate acquisition available. Excellent opportunity to enter Europe. Principals Only Write Box No H8007 Financial Times

One Southwark Bridge London SE1 9HL

#### PLC REVERSE TAKEOVER OPPORTUNITY

A small, fully quoted company seeks proposals from owners of profitable companies wishing to participate in a reverse takeover. All sectors considered except engineering and financial services although preference given to food packaging and manufacturing. Property backed situation considered including hotels and leisure activities. Principals only.

Write to the Chairman, Box H3009, Financial Times, One Southwark Bridge, London SE1 9HL

#### MEDICAL ELECTRONICS Following rationalisation Group wishes to dispose of Medical Elec-

wants to amouse a Medical Elec-tronics company specialising in manufacture of own range of Can-diac Monitors. Defibrillators and Ultrasound Scanning equipment. Ultrasound Scanning equipment. Turnover circa £350K pa Substantial export business through network or Agents and Distributors. ipais only write to Box H5008 Financial Times One Southwark Bridge London SE1 SHL

# FOR SALE

- Waste Disposal and Skip Hire Projected 7/0 03/0,000 - Existing Jesuschold/freehold tip ping facility - Custry suitable for tipping, tub ject to necessary permissions

Write Box H5000, Financial Times, One Southwark Bridge, London SE1 9HL

North West based company wishes to divest itself of certain parts of the Planning approved for further expansions Ideal conversion to up-market hotel Price freehold: offers in excess of £8 million

Telephone: Michael Pegg, England 0272 237575, Evenings 0272 743431

#### AVAILABLE SMALL DISTRIBUTION AND COLLECTION TRANSPORT COMPANY

Turnover £12 mRillon - lessehold premises based in Avgn

Disposal sought as quickly as possible as this operation now faits outside the parent company's corporate structure.

Very modest asking price for quick decision.

For farther information telephor (0934) 836132

#### Small **Provincial** Casino

in the North west, near Manchester for sale. Freehold and Business £1.5 million. Write Box H8015. Financial Times, One Southwark Bridge,

London SE1 9HL

#### PRECISION ENGINEERING (ESTABLISHED 1948)

Substantial Assets. Turnover £2 million. Excellent profits and scope. London and Solent facilities with high precision sand cast foundries. Quality to MOD serospace approvals. Strictly no agents. Principals only Write to Box HB021 Financial Times one Southwark Bridge, London SE1 9HL

#### TOOLMAKING FOR PLASTICS

A Toolmaking Company that has injection moulding facilities for proving and small production runs is available for sale. Midlands

Write Box H5011, Financial Times, One Southwark Bridge, London SE1 9HL

#### HIGH-CLASS FUR MANUFACTURER JADE FURS LIMITED

#### (IN RECEIVERSHIP) (HONG KONG)

Opportunity to acquire this manufacturer and exporter of high quality fur garments produced in its own established name and design mainly for exports to the United States and Japan. Jade Furs has a turnover in excess of 1.5 million pounds and a highly skilled workforce of 40 people.

Assets available for sale comprise: Leasehold property of 12,000 sq. ft.

please contact
ne Joint Receivers
adress: David
oor, Hutchison
entral, Hong Kong.
(852) 5-8469031.
Fax: (852) 5-8684432.

#### **CRUISERS** INTERNATIONAL LIMITED

(in receivership)

Business and Assets for sale as a going concern

- An established manufacturer of high quality motor cruisers, based in Corby, Northants.
- Turnover of approximately £2.5 million with a skilled workforce of 40.
- Established UK and European dealer network.
- Plant, moulds and stock amounting to in excess of
- Modern freehold factory and offices of 24,000 sq. ft.

For further details please contact the joint administrative receivers: Ken Jones or Andrew Menzles Centre City Tower, 7 Hitl Street, Birmingham B5 4UU Telephone: 021 643 1936 Fax: 021 643 4993

### Transformer and **Electronics Manufacturer**

Hereford & North Humberside

The Joint Administrative Receivers, J B Atkinson and JR Hodkin are inviting offers for the business and assets of a transformer and electronics manufacturer situa

- and Beveriey. \* 1,250 sq ft freehold factory in Beverley, 7,500 sq ft
- leasehold factory in Hereford.
- ★ Annual turnover in excess of £1,000,000. \* Expertise in:
- transformers size 0.5VA to 5KVA
- electronic power supply & battery charging systems principally for the caravan industry.

For further information please contact Joe Atkinson or Maggie Rowe, Spicer & Oppenheim & Partners, Newater House, Il Newhall Street, Birmingham, B3 3NY. Telephone (021) 200 2211.



SPICER & OPPENHEIM & PARTNERS A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

# **Sequel Fabrics Limited**

The Joint Administrative Receivers offer for sale the business and assets of Sequel Fabrics Limited who specialise in the manufacture of glitter covered fabric. The principal assets comprise: • 125 year lease of 6,880 square feet modern

industrial unit in Portsmouth. • Two unique glitter coating machines with a combined

capacity of 30,000 metres/month. Stocks including substantial torrages of glitter and lengths of lace, finished product and other raw All enquiries to: P. S. Padmore Esq,

Price Waterhouse, The Quay, 30 Channel Way, Southampton SO1 1XF. Tel: (0703) 330977. Fax: 0703 223473.

Price Waterhouse



#### **LEISURE PROJECTS** INTERNATIONAL LIMITED

Company with Issued Capital of £20,000. Incorporated 1983 with Five years Audited Accounts and Tax Losses of £50,000. Owns substantial leasehold (19 years unexpired) pub in Central Margate operated under management. Offers in Region £95,000 to include company and business free of liabilities. Tel: 0892 - 510804

> Box H5003, Financial Times, One Southwark Bridge, London SE1 9HL.

#### TOUR OPERATOR

Mediterranean boat tour operator, efficient UK office, excellent overseas agent, mailing list of over 10,000. Turnover circa £1/2m. Principals only contact:



Simon Irons or Rodney Pitts, BDO Binder Hamlyn, The Rotunda, 150 New Street, Birmingham B2 4PD Tel: 021-643 5544 Fax: 021-643 4665 Authorised by the Institute of Chartered Accountants Chartered Accountants

#### **BUSINESSES FOR SALE**

#### Steel fabrication

business - West of Scotland. Long established and expanding business with turnover of c£900,000. Good workforce and excellent contacts. Very good order book. Offers eround £340,000 as going concern. Ref. 5794.

Full details from S.D. Ellison & Co. (Scotland) Ltd., 12 Dublin St. Edinburgh. Tel 031-557-3004

#### FOR SALE **ESTABLISHED**

Currently enjoying investment income of £186,000 per gamum from leasehold investment properties and Concession revenue. Income will increase to £215,000 per annum in 1990 and there-

SCOTTISH SCAMPI **PROCESSING FACTORY** 

#### FOR SALE PRINCIPALS ONLY

Write Box H8005, Financial Times, One Southwark Bridge, London SE1 9HL

#### **GOLF COURSE** Fiorida

18 hole Gotf Course and a smaller 9 hole in 200 acres, 9 Tennis Courts, inventory valued about \$1,000,000.

\$6,500,000 Write Box No HS013 Financial Times One Sauthwark Bridge Landon SE1 9HL

#### U.S.A. COMPUTER MANUFACTURER

Instrumentation market. Management in place. Sales nearing 52 Million. Profit 25%. 85% repeat customers. Flexible offshore owner. Principals only piesse.

Mr Chariton, 9, Bodley Close, Newcastle Upon Tyme. NES 3SF

#### PLC (LISTED OTC) FOR SALE

No liabilities. Sensible price to be negotiated. Tel: 767 1272. Mr Weiner

#### Minority Business -**Beauty Sector**

COSMETICS BUSINESS FOR SALE - product developed for ethnic market, ready for interna-tional distribution, principals

Write Box H8014, Financial Times, One Southwark Bridge, London SE1 9HL

#### USA GROUP OF SMALL

Well organized, with long world-wide experience in Aerospace-High Tech-Mulitary, Medical-Equipment-Supplies, Film, Art, open for negotialions either as a solid beginning of a diversified conglomerata, or separately. Write: Private & Confidential, Dr. ALB. Box T Gracie Station, New York, N.Y. 10028

PECAN ORCHARD -6000 acres, Texas, U.S.A. Complete

with cleaning plant, shelling plant, and all necessary equipment. Owner nears retirement - competant management available. Contact: James Daniels and Associates, Inc. 210 West Sixth Street, Suite 506. Forth Worth, Texas 76102 Fax No. 817-877-0921 USA

Language College Teaching English French and Spanish. Business and Adult Students. Well Established. ted Purchase Price £500,000. Write Box H8020. Financial Times, One Southwark Bridge, London SEI 9HL

#### FOR SALE Scottish Wholesale

Florist Sundries business established 80 years - t/o £1m plus with scope for expansion20,000 sq ft leasehold warehouse.

Principals only write to Box H3004, Financial Times, Oue Southwark Bridge, London SE1 9FIL

#### MEAT INDUSTRY We are reorientating our strat-egy in the UK and looking to dispose of our meat interests. Businesses available are a sausage casing manufacturer and supplier of butchers products to the food trade.

Write to Box H8008, Financial Times, One Southwark Bridge, London SE1 9HL

# TRAINING COMPANY -

INSTALLATION Booming Business. 6 months 1/0 £30,000. N/P £19,000 (andit actts). Market leader, potential for real growth. Technical knowledge not net; valuable 5 year contract with UK's top satellite expert.

Good client bese and reputation. Ideal for large est training on or energetic

ner. Cost: E30,000 Tel: 01-361 8134

Prestigious modern long establishe kitchen studio, with key exclusive spencies, 3000 sq ft of showroom an excellent tracking positi mpany tax rate currently Please write to Sox No P9178, Financial Times,

ne Southwerk Bridge, London SE1 9HL

#### FOR SALE

Electrical Wholesaier London & South T/O £1.6M V. Profitable Write Box No H5002 Financial Tim One Southwark Bridge London SE1 9HL

#### FRENCH ALPS LA CLUSAZ

Nearing completion exquisite tra-ditional style chalet hotel 30+ beds, swimming pool, bar, res-taurant, sun terrace adjacent to ski-lift. Offer invited for outright

#### **MIDLANDS**

Floor and Wall Tiling business for sale with turnover of £850,000 Principals only write to:-Kings House 40 Billing Road Northampton NN1 58A

#### EMPLOYMENT AGENCY For Sale

The agency is established and profitable in West Sussex. T/o approx £200,000.

Write Box F9180, Financial Times, One Southwark Bridge, London SE1 9HL

#### **For Sale**

Long establised retailer of quality menswear and footwear operating from five outlets in prime locations based in the Midlands. Please write to, Box No H8017, Financial Times,

ne Southwark Bridge, London SE1 9HL

SOUTH WALES Secretarial and computer training centre for sale. Fully equipped, established 5 years. City location. Write to Box H8006, Financial Times, One Southwark Bridge, London SE1 9HL

FRANCE, 8 IMPORTANT VINEYARDS grand cru/premier cru, 10.6 min/230 min and 3 banks, top-location, Fax: 010.3130.332770,

#### **FABERDEX LIMITED**

The Joint Administrative Receivers offer for sale as a going concern the business and assets of Faberdex Limited, a company engaged in the manufacturing of glazing for domestic and commercial markets.

- Features include:
- \* Estimated turnover of £1.2m in current
- \* Estimated confirmed orders of £850,000 and sales ledger of approximately £400,000
- \* Leasehold premises of 18,000 sq feet in Watford
- \* Plant, machinery and vehicles
- Stock and work in progress
- Contact the Joint Administrative Receiver Philip Wallace



EC4V 5AJ

31 Fishpool Street, St. Albans, AL3 4RF Telephone: 0727 43000 Telefax: 0727 41005

By Order of P W J Hartigan F.C.C.A., F.I.P.A., of Booth, White & Co Administrative Receiver of Video Media Optical Development Limited



FOR SALE

Inter-Active Video Company, £350k Turnover, Winner of several industry awards, Current Contracts in Progress £282k, 14 \$taff.

Further information from P W J Hartigan or P A Lawrence Booth, White & Co 1 Wardrobe Place

#### **BUSINESS WANTED**

#### IS YOUR BUSINESS INTERESTING -THEN BANK ON US

Over the last few years you have expanded your privately owned business and are now achieving profits comfortably in excess of £5m before tax. You believe your company has a lot further to go but are womed about current If this is you, bank on us to show an interest in acquiring it and helping you to continue the growth.

We are a medium sized fully listed public company who have achieved significant organic and acquisition led growth over the last few years. Our activities are diverse and your business may well fit in.

We offer you capital now and a share of your increased success in the future whilst enjoying sufficient management autonomy to achieve it. INTERESTED? Then write to us, or have your advisers do so in complete confidence through: Box No. F8939, The Financial Times, Number One, Southwark Bridge, London SE1 9HL.

#### SHELL WANTED

FOR

#### REVERSE TAKE-OVER

Growing private Engineering group seeks a quoted shell for a reverse take-over. All replies will be treated in strictest confidence.

Please Write Box No H5006 Financial Times One Southwark Bridge London SE1 9HL

#### MAJOR PLC SEEKS

INSTRUMENTATION & ELECTRICAL CONTRACTOR Major plc, engaged in wide ranging industrial engineering and contraction activities, wishes to acquire a managing interest in an established company undertaking control, instrumentation and electrical engineering and installation work. Current and viable business plans will be supported and the company will additionally benefits from undertaking the increasing E & I content of our contracts. The existing management team would be retained and encouraged to continue holding and financial interest. Principals only are invited to write to

Box No. H3016, Financial Times, One Southwark Bridge, London SE! 9HL.

#### **Dynamic Cheshire Company**

currently serves the Gas. Oil. Petrochemical and Associated Industries.

Has recently entered the Aerospace Markets, with firm orders in hand - and commitment to rapid growth. Seeks Acquisition/Merger of Company currently in Aerospace Sector; either tabricating/Machining.

Preferable Location: North West England Box H5010, Financial Times,

#### **MEDICAL PLASTICS**

Major PLC, seeks companies in the Medical/ Pharmaceutical Plastics field, preferably (but not exclusively) with own products. Location UK or

Europe. Write Box H8010, Financial Times, One Southwark Bridge, London SE1 9HL

#### PLC SEEKS SMALL PROFITABLE QUALITY BUILDER/ BUILDING

COMPANY

Write Box H5004, Financial Times, One Southwark Bridge, London SE1 9HL

WANTED Factoring/invoice discounting business. Must have estab-lished portfolio of clients. Any location (UK mainland) considered. Principals only apply to: Girniel Associates Limited Calcield House, Onklield Grove Citton, Bristol 558 25N

#### WANTED

West/South Midlands based distribu-tion company supplying to industrial or retail outlets in an established or developing market. Turnover £2-20m sought for acquisition or financial injection.

Write Box No 8011 Financial Times, One Southwa Bridge, London SE1 9HL

#### WANTED Well funded, privately owned company seeks to purchase Food distribution businesses. Any size consid-

SUCCESSFUL PRIVATE

Currently undergoing a substantial development phase wishes to expand its product base through acquisition of plastics conversion/blow moulding/injection

Please write to Group Managing Director, Box H3019, Financial Times, One Southwark Bridge, London SEI 9HL

Steaknorking/Sheet National Company Washed

Our client is tooking for an acquisition in this sector, ideally a subsidiary that no longer fits the plant of a pic, or perhaps a company going late receivership. Contact in the first instance.

Berbara Lewis & Associates

Betheeda Road, Tumbie Lianelli Dyfed

Minimum T/O £1m.

ered Write Box P9008, Financial Times, Oge Southwark Bridge, London SEI 9HL

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When you sell a business or go public you may have to give warranties and indemnities which could render you liable for damages as well as legal expenses, even if you are not at fank. This liability can be insured under our Warranty and Indemnity Insurance Policy.
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#### BUSINESS FOR SALE

#### **Ashford Hydraulic Services** Limited (In Receivership)

#### MANUFACTURERS AND DISTRIBUTORS OF HYDRAULIC FITTINGS

The joint administrative receivers have available for sale the business and trading assets of this Rotherham-based company. Established range of products and customers

 Turnover approximately £1.5m per annum
For further details please contact the joint administrative receivers:
D J Stokes and M J Moore, Cork Gully, 1 East Parade Sheffield S1 2ET Telephone 0742 730403

Good order book

C&L Pax 0742 752573
Cort Gully is authorised in the name of Coopers & Lybrard by the Institute of Coopers & Cort Gully is authorised Accountains in England & Weles to carry on

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#### BUSINESS FOR SALE

# **Brandon Industries PLC**

For sale as a going concern, a group of companies involved in the manufacture and supply of UPVC double glazed windows and doors, to the public and trade market. Business based in Bradford, West Yorkshire close to M1 and M62 Motorways.

e Approximate turnovar of £3.5 milition per annum

• Network of leasehold showrooms throughout Yorkshire

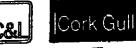
 Established local trading style Leasehold self contained giszed-unit fabrication factory Freehold frame febrication factory and office premises For further information contact the Joint Administrative Receivers M.J.

Moore and D.J. Waterhouse at Cork Gully. Albion Court, 5 Albion Place Leeds LS1 6JP.

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#### SINCLAIR (CONTRACT FURINGHERS) LIMITED

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Offer for sale THE BUSINESS AND ASSETS OF
SINCLAIR (CONTRACT FURNISHERS) LIMITED (Established 1953)

The Company occupies valuable Leasahold Premises in Colindale, London, NW9, comprising an area of 25,000 sq ft, and has a turnover of some £1.2 million derived from the manufacture, upply and fitting of Specialised Joinery and Post Formed Plastic Laminates for the Hotel, Shop, Office and Leisura Industries.

There is a broad base of customers including Major Contractors and Hotel

Groups.

Trading is continuing and a skilled workforce is an CONTACT: Mr D R F Sapte FCA or Mr A P Locke FCA BEGINES, Chartered Accountants 6 Raymond Buildings Gray's Inn. London, WG1R 58P Telephone: 01-405 1212 Fax: 01-405 0350

#### COMPANY NOTICES

#### **GORDON PACIFIC LIMITED**

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ADVERTISEMENT PURSUANT TO ARTICLE 158 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Shareholders, whose names are listed below, have not responded by the due date to the First Notice served in accordance with Article 139.3. The number of shares registered in the name of each shareholder as at 22 May, 1989 is set out opposit their name below. In each case, the number of shares held at 22 May 1989 was less than a marketable parcel as defined by the listing rules of Australian Stock Exchange Limited.

Any shareholder whose name is fisted below and who wents to maintain his shareholding in the Company should so notify the Company with 30 business days of the date of publication of this advertisement. Failure so to notify the Company will enable the Company to sell his absent in accordance with and subject to the provisions of Article 158. Correspondence must be addressed to The Company Secretary, Gordon Pacific Limited, Level 9, 33 Pin Street, SYDNBY, N.S.W., 2000.

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GEORGE CHARLESWORTH
INNA CLARK
IUDY COLE
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GEORGE CHARLESWORTH
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JUDY COLE
ROBERT WALTER COLE
SAMUEL GORDON COLQUHOUN
BERNARD DAVID COUCHE
RICHARD ANDREW CUTHBERTSON
ANTHONY ROBEN D. MONRO-DAVIS
DAVINSET LID.
ALAN DAY
EDWIN FREDERICK DEAN
GEORGE FRANCIS DEAN & PEGGY ESNOR DEAN
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DOROTHY LILLIAN FLOCKTON
REGINALD ARTHUR FLOWER
BARBARA LIFTLANDER GAINSFORD
PHYLLIS VERA GARRETT
NANCY CHRYSTOBEL GEE
JOHN BELFORD ARTHUR GLENNIE
CARMELA GLINERT
JANICE EVELYN GOODWIN
JACOB JAMES GREENBERG
ALMA DOROTHY BALL
ANDREW JOHN HAMILTON
INCROLAS DAVID HUNTEN HAMMOND
HORACE BRINTON HARGREAVES

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# The Ring

ambition, a man with delu-sions of grandeur, a man of extremes - of optimism and despair, ruthlessness and ten-derness. In fact, a character not dissimilar to Wagner him-self. A man who has barely uttered a ban on the use of force ("Nichts durch Gewalt") before he himself draws blood from Alberich, using his spear to wrestle free a ring appropri-ately shaped like a knuckleduster. A father who rams his son against the outstretched spear of Hunding, yet cradles his dis-obedient daughter in his arms and silently mourns the end of all his hopes in Siegfried's funeral march. A very mascu-line character, the most human

The sight of John Tomlin-son's red-haired Wotan brandishing his spear in Das Rheingold, charging headlong up and down stage in Act 2 of Die Walkure, roaring like a lion in the Rrda scene of Siegfried Act 3 — these are the most vital images of the Harry Kupfer-Daniel Barenbolm Ring pro-duction, now in its second summer at the Bayreuth Festival, Such is the impact of Tom-

and the

Beware: this Wotan is great-hearted but dangerous. A man of life-force, thrust and abition, a man with delubility around him. Kupfer and Tambian built around him. Kupfer and Tambian built around him. Kupfer and Tambian built around him. Tombinson bring a new dimension to Wotan – not the dignified god, but a man at the fied god, but a man at the height of his physical, political and sexual powers, who is gradually reduced to impotence. The higher tessitura brings out the vigour and expressiveness in Tomlinson's bass voice, and he seized on the test with the imagination the text with the imagination of a natural actor.

> performances with a fresh appetite for the Ring. Reactions last year were geared to the production's most striking visual effects - the laser lighting of the Rhine and magic fire circle, the rutted runway of history disappearing into the distance, and the closing pic-ture of the privileged rich watching the nuclear holocaust on television, as two children steal away on a fresh search

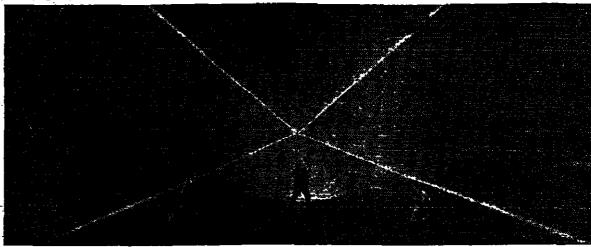
One comes away from these

These images remain, but they are now subsumed into a greater whole. Max Loppert wrote on this page last year that much rethinking was needed. The process has been encouragingly thorough. Far

from questioning Kupfer's political approach and hyperactive stage work, one is now agreeably surprised by his grasp of the music and its inner life of emotion, and by the inventive way he illuminates the text. Without lumbering the Ring with an all-embracing concept. Kupfer succeeds in convincing us that these are real people, confronted by the same hundridlemmas facing the world today. His intense, minutely-rehearsed Parsonenregie places hearsed Personenregie places the characters' motives, feelings and relationships at the centre of the performance.

Das Rheingold and Die Walk-

ure now develop with a brilliant consequence and logic, greatly enhanced by Hans Schavernoch's designs, which put the most modern technology at the service of the drama. Improvements have been made to the Todesverkun digung (now set in a recessed triangle of brilliant light) and to the steel ladder construction in the Ride of the Valkyries. The Festspielhaus technical staff have surpassed them-selves in their control of light and dry ice, thereby multiply-ing the atmospheric perspectives of the main stage runway. Act 2 of Gotterdomme-



Above, a scene from Das Rheingold, and (right) Anne Evans as Brunnhilde

rung, set around a four-legged steel platform, remains the production's most stunning feat of stagecraft. Altogether, there is a greater sense of the

But there is scope for further refinements. The Wanderer's manipulation of the Woodbird, which lands the staging in all sorts of contradictions, is unconvincing. The whole Nei-dholle scene negates the sense of nature running through the text. Brunnhilde's cramped nuclear shelter in Gotterdammerung is about the only instance where Schavernoch's sense of practical invention has deserted him. But the most controversial aspect remains the final scene, presumably intended to convey the idea of story beginning where it ends, of history repeating itself. I find that it swamps the music and registers too much as a producer's lecture.

With the exception of Peter Hofmann, whose voice is now in shreds, and the uneven Rhi-nemaidens, the cast is a strong one. A welcome newcomer is Anne Evans, whose Brun-nhilde demonstrates her well known femininity, lyricism and beautiful tone. The father-

immeasurably, and the passionate conviction of her actsionate conviction of her acting in the final two acts of the cycle irradiates the performance the manual transfer and the performance the manual transfer actions are the manual transfer and the manual transfer actions are the manual transfer and transfer actions are the manual transfer and transfer actions are the manual transfer actions are the manual transfer and transfer actions are the manual transfer acti mance. She was sometimes overwhelmed by Barenboim's unpredictable extremes of tempo and dynamic. Bayreuth audiences are used to more but they rarely witness such ripe and accurate Hojotohos. For the second cycle, Siegfried was sung by Reiner Goldberg, the East German heldentenor who fled the Hall-Solti Ring at the last moment. Nerves no doubt accounted for

each performance developed, so did Goldberg's confidence and ringing delivery. There is marked improvement in Philip Kang's impassive Hagen. Among the successes repeated from last year are Linda Fin-nie's Fricka, Gunter von Kannen's Alberich and Graham Clark's Loge (though his clowning Siegfried Mime goes over the top). Nadine Secunde, as Sieglinde, communicates the tone and rapture of a future Brunnhilde.

Barenboim's conducting

start of both evenings, but as

driven excitement and quiet

beauty. The overall effect is more integrated than last year, and the whole of act 2 of Die Walkure is superbly paced and felt. He is prepared to take risks, and they occasionally come off. The orchestral reading matches the energy of the staging. But Barenboim shows little understanding of the music's organic growth, and makes heavy work of Wagner's orchestral textures and crossrhythms. He picks out passing detail, skates over crucial accents. He has the longest way to go in this Ring.

Andrew Clarke

of the subject the exhibition

itself is surprisingly rewarding.

although it would mean little

without a catalogue. At the centre are the notebooks, trea-

tises, pigments and paint boxes. Flanking them is a quirky, uneven group of paint-

ings, drawings, prints and sculpture which offers us most things, from a 17th century

Dutch portrait which Field thought to be of his hero Dr William Harvey, to a low-key poetic Gainsborough land-

scape, a bust of the Princess

Charlotte by the Irish sculptor Turnerelli, a Lawrence por-trait, and a glorious sequence

of glowing canvases by Palmer, Mulready, Millais and Rossetti. Pride of place goes to

Turner's magnificent "Calais Sands," on loan from Bury Art Gallery. Field used this evoca-

tion of sunset on wet sand and

sea to demonstrate what he called the "inversion of keys,"



Detail from The Great Exhibition of 1851: Decoration of the Transept by Edmund Walker

# Patriot who coloured a generation

Susan Moore on the life and influence of colour theorist George Fields

bitumen paint by Sir Joshua Reynolds is only the most notorious instance of experimentation at a time when artists were desperate to find pigments and media of long-term stability. Artists and colour-men went to extraordinary lengths to recover or reinvent the techniques of the great masters: one Miss Provis made a tidy pile in the 1790s by claiming to own a manuscript describing Titian's method, and selling the "secret" for ten guineas a copy.

So fugitive were many of the pigments on the market, and so unreliable the advice offered in artists' manuals, that Sir Joseph Banks quipped that "the oil pictures of the present time invariably fade quicker than the persons they are intended to represent." Nearly a century later, in 1875, William Holman Hunt could still lament that an impure orange vermilion "cost me at least 10 months of my life."

tended to take a back seat in the study of 19th century painting, despite the revolution they effected. To redress the balance, John Gage has hauled out of obscurity George Field, patriot (he was a founding director of the British School

ne disastrous use of in 1802), manufacturer of artists' pigments, and colour theorist. The influence he was to exert on Victorian art and decoration is the subject of a pro-vocative and unusual exhibition at the Fitzwilliam Museum in Cambridge (until September 3). Field's notebooks, which

have only recently come to light, reveal him to have been in touch with the leading artists of the day. He spent more than 30 years in his "elabora-tory" in Hounslow developing pigments of great purity and brightness. He created an orange vermilion especially for Sir Thomas Lawrence in the 1820s which yielded "purer and more delicate warm carnation tints than any known pig-ments, much resembling those of Titian and Rubens." Lawr-ence, Wilkie and Constable, the last-named a friend of Field from 1825, were among those who used his colour and took pigments to him for testing. Holman Hunt and Millais

took them up too, applying the technique of fresco to oil by painting on a wet white ground. Their early supporters, Mulready and Linnell, proba-bly introduced them to Field's colours; more important, Mrs Merrifield claimed in her translation of Cennini that they were the closest modern equivalents to those of the early Italian masters. Rossetti's stippled technique, seen here in his Princess Parisadé, also appears to have come from Field via Mrs Merrifield.

Ironically, Field, rather like Frankinstein, was horrified by his "monster." He seems have distiked the high-key palette of the Pre-Raphaelites, although the brilliance of his primary, secondary and tertiary colours

The extent of Field's influence on

Victorian painting is impossible to evaluate'

was itself partly responsible for its creation. The American theorist Ogden Rood was even more aghast at the consequence of his colour theory in the work of the Impressionists. Field preferred the traditional harmonious tertiaries of Rich-

Any colour theory depends upon standard, durable colour. By the publication of the sec-ond edition of "Chromatics" in 1841, Field had developed a

ard Wilson.

definitive scale of 13 colours, and a Chronometer or Metrochrome for measuring the values of the primaries. Experi-mentation with the latter yielded proportions for the primary colours in light which, when mixed, neutralised one another. Owen Jones drew upon this for his decoration of the transept of the Crystal Palace. The iron girders were painted in the correct grouping of blue, red and yellow, creat-

The extent of Field's influence on Victorian painting is, ultimately, impossible to evaluate, even if the likes of Constants. ble and Turner did subscribe to his various publications and many more used his colours. That is the least satisfactory aspect of Dr Gage's thesis, and of the exhibition. So much is speculative or inconclusive.
It has even proved difficult

ing an optical effect of natural

to trace the works exhibited at the British School, and the paintings formerly in Field's collection. Only two of the 15 representing his collection seem to have definitely belonged to him: George Dawes's monumental, Michelangelesque "The Maniac" (which he left to the Hanwell Asylum) and a delightful Constable oil sketch. Given the theoretical nature

the interchange of warm and cool tones throughout a landscape. At the very least, these paintings illustrate the extent to which the palette of British painting was transformed by Field's hitherto unsung pigments between the Romantic

period and the creation of the

Pre-Raphaelite Brotherhood. The exhibition is sponsored by Christie's.

# BBC Symphony Orchestra

At their best the Proms have always shown an ability to devise intriguing shown an ability to devise intriguing programmes. Such was the criss-crossing of themes in Sunday's concert that one could imagine as much fun being had in the planning office as was enjoyed in the performances themselves by the BBC Symphony Orchestra under Gennady Rozhdestvensky, always a conductor with an eye for the unusual. The starting-point was the Overture to Rossin's opera on the Cindensia story. La Cenerontola, Graced derella story, La Cenerentola. Graced by music-making that bubbled with geniality and humorous wind solos, it set the mood for the evening, Rozhdestosky's Rossini is a world away from the band-masterish drive favoured by

was an obvious move, if quite a jump in musical terms. Once again this was not the virtuoso orchestral showpiece that the piece can be (the BBC violins were unhappy negotiating passages up in the leger lines) but by including the second act as a single entity it was easy to appreciate Rozhdestvensky's grasp of the score's theatre. From the clumsy ugly sisters to the chattering guests at the ball, all came to life on a pictorial

In between the two Cinderellas was the intellectual core of the concert, Our

today's Italian maestros, even if it equally misses their slick orchestral precision.

From there to Prokofiev's Cinderella was an obvious move, if quite a jump to the procession was an obvious move, if quite a jump to the procession was an obvious move, if quite a jump to the procession was a a double message of man's cruelty to animals crossed with Fascist cruelty of man to man - has lost none of its relevance. A shame only that the immediacy of Auden's words was somewhat blunted in the Albert Hall. As it was, Heather Harper sang nonetheless with imagination and authority, mov-ing from sang lines to declamation and the many other vocal effects with an easy familiarity that even Peter Pears hardly manages on the composer's own recording, valuably preserved by the

part Rozhdestvensky delivered with too little flery zeal. Where then was the connection

between this and the two Cinderellas? Answer: via Rossini, The missing link came in the orchestral series of Soirées musicales, light-hearted arrangements made by Britten of snippets from Rossini: a make-weight, but one which was essential to unravel the web of this most intricate Prom

**OPERA AND BALLET** 

Byelorussian Ballet. Les Sylphides, Divertissements from The Nutcracker, Carmen suite and Bolero. First British appearance of the world famous company

or the world famous company from Minsk, Sadlers Wells Thea-

tre (278 8916).
English National Bellet, Str
Frederick Ashton's production
of the romantic favourite Romeo
and Juliet continues the English
National Ballet's season at the

Regal Festival Hall. The week's castings are Benjamin, Armand (Tue); Sevillano, Skoog (Wed); Contardi, Chalmer (Thur); Trughia, Armand (Fri), Royal Festival Hall (928 8800).

Bayrenth Festival. Wagner fans from all parts of the world will see the premiere of a Parsifal production by Wagner's grand-

son Wolfgang. Conductor James Levine leads a strong cast includ-ing William Pell in the title role, Bernd Weikl, Matthias Hoelle, Hans Sotin, Franz Mazura and

Waltrand Meler, After criticism of Harry Kupfer's Ring cycle

production, changes are expected for the revival. The main roles

are once again sung by Siegfried Jerosalem/Rainer Goldberg, John

Tominson, Peter Hofmann and Nadine Secunde. Lohengrin, con-ducted by Peter Schneider has Paul Frey in the title role, Cheryl Studer/Nadine Secunde, Ekke-hard Wiaschina, Gabriele

Schnaut and Eike Wilm Schulte. Tamhauser returns, after a one

year break with the new Venus Ruthild Engert-Ely, Cheryl Stu-

London

Bayreuth

Richard Fairman

**ARTS GUIDE** August 18-25

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# Le Diable amoureux

FIESOLE, FLORENCE

FRENCH dance companies predominated in Italy during the celebrations for the bicen-tenary of the Revolution. In Rome a sizeable and starry contingent from the Paris Opéra Ballet made one of its rare and effulgent official appearances, in the atmo-spheric outdoor setting of the French government-owned Villa Medici. (Admittedly, none of the works given was French.) Further south, in Naples, the Balletto di Napoli enterprisingly staged Joseph

Lazzini's revised production of the 1789 La Fille mal gardée,

der, Wolfgang Brendel, Hans Sotin/Manfred Schenk, William Pell and Siegfried Vogel, in Wolf-gang Wagner's delightful produc-tion.

Transparent Chamber Opera, Gluck's *Le Cinesi* and *l'Arbre Exchante* conducted by Marcel Ketels staged by Peter Jonck-beer. Hotel Pullman Astoria

August 24, 25, 26. (8 649 94 78.)

New York City Opera. The week features Anna Bolena, last seen in 1981 with Donizetti's bel canto score conducted by Scott Bergeson with Marllyn Mims in the title role and Harry Dworchak as the King. The Mikado features Richard McKee as the Mikado in Lotti Wensouri's production

in Lofti Mansouri's production conducted by Peter Howard. Other performances include La Bohème and Mefistofele. Lincoln Center, New York State Theatre

Ravinia Festival. For the sixth time, popular Hubbard Street Dance Company perform at Ravi-nia, bringing four new numbers

and old favourites, including

Line Drive, Georgia and Diary. Highland Park (728 4642).

American Ballet Theatre in Bar-yshnikov's production of *Swan Lake*. Tokyo Bunka Kaikan (Thur) (725 8888).

with Elisabeth Maurin and

Manuel Legris of the Paris Opéra in the principal roles and with other French guests. However, the most important event took place else-where. After being briefly run in at the Festival dell Ville Vesuviane, Roland Petit's new ballet *Le Diable amoureux*, custom-built for these two Italian summer festivals, came to Fie-sole, above Florence. The first night had to be cancelled because of bad weather, but the remaining two performances at the Roman Theatre took place in reasonable condi-tions, the large stage no longer a place of hazard for the dancers of the Ballet National de

Dancing devils certainly seem to be in fashion this season, what with Boris Eifman's The Master and Marguerite earlier, for the Turin Dance Festival. Roland Petit tangled with him early in his career, with his lighthearted one-acter Que le Diable l'emporte. The new work is a more substantial one, lasting just under 90 min-utes without an interval. Inspired by a novel by the 18th century writer Jacques Cazotte, it is set in a cavern cleverly designed by Josef Svo-boda, strikingly lit in irides-cent colours that contrast with the pervading grimness. In a semi-serious tone, it tells of a young man entrapped and tempted by the Devil, who transforms himself into a young girl dressed as a boy, after offering the young man glory and riches in a series of visions. He rejects these but succumbs to the girl/boy, who at the close devours him (in his original black-clad guise) just as the traveller imagines he is

possessing the girl. Petit has always had a note-worthy sense of theatre, and this story affords him plentiful opportunities to employ it. The opening and conclusion both give the Devil the stage to him-self, when Denys Ganio danced the role, he gave a performance of such magnetic power and beauty that he dominated the ballet throughout. The role is a demanding one, with sev-eral long and testing solos, but Ganio never faltered, his mag-

nificent line and stylish virtuosity giving constant joy.
On the following evening,

Jean-Charles Verchère danced ably, but his interpretative tal-ents are limited. On the other hand, Jan Broeckx, the second evening's young man, contrib-uted, in addition to an admirable technique, a yearningly romantic presence that was absent from the performance given the evening before by Jean-Pierre Aviotte, an excellent dancer with a somewhat bland temperament.

Petit's company being stronger on the male side, the women have fewer chances to shine. Carlotta Zamparo was more convincing in the masculine scenes for the androgy-nous young page, but a little colourless, while Alessandra Ferri (appearing as guest artist with the Ballet National de Marseille) was possibly rather too provocatively feminine. She gave a more self-consciously theatrical perfor-mance but danced very cleanly and strongly. Lynne Charles who was to alternate as the Page, sacrificed herself gamely to the character role of a

drunken woman. This ballet is not simply the Mixture as Before so far as the choreography is concerned. It includes many ingenious and original touches such as the strange crouching jumps for the Devil and the lurching movements for a group of sol-diers in 18th century garb (costumes by Luisa Spinatelli) that are among the "visions" shown

to the young man.
Gabriel Yared's specially composed (recorded) score makes no effort to hide his past as a writer of film music on the contrary of but it serves its purpose well. It is strongly rhythmical, and although it makes use of a synthesizer, it contains reminiscences of popular French music of earlier decades (with an accordion)

The Marseille company was altogether in splendid form, and the music, choreography and scenery blended remarkably well, so the enthusiastic reception was well deserved.

Freda Pitt

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Tuesday August 22 1989

# New thinking for defence

MOST OF Britain's Nato allies have been cutting or delaying military programmes to match funds that have been frozen or reduced. Either they - the US, Canada, West Germany, Belgium – are all out of step, or Britain is.

Mr Tom King, Mrs Thatcher's fifth Defence Secretary, takes over in a relatively com-fortable financial position. His predecessor, Mr George Younger, obtained a Treasury deal allowing for a slight rebuilding of funding up to 1902 With some stretching and 1992. With some stretching and twisting, and tighter procurement methods, the ministry has so far maintained all the main military roles and equipment plans.

The Government is right to keep options open. But it has been wrong to base defence policy on the premise that nothing should change. It is time for a fresh look at Britain's defence needs. Many service branches are now overstretched. Getting and keeping manpower in the labour mar-ket of the 1990s will be expensive. Pay is already squeezing the equipment budget, and equipment costs rise inexorawith technological

It is unclear how far British forces stand to be affected by arms cuts being negotiated in Vienna, where talks restart on September 7. But it would be rash for any defence minister to assume that savings would be kept in his budget. The same problems, therefore, will

#### Two fronts

Changes need facing on two fronts. One is the new tack by Moscow and the suddenly brighter disarmament prospect. In its reaction, and its tough stance towards Bonn on the issues of short-range nuclear forces and low-flying training in West Germany, Britain has so far appeared somewhat isolated.

All Nato governments will find it harder to justify defence spending to their parliaments and electorates. The reiteration by defence ministers, when they last met in June, of their old aim of 3 per cent real annual spending growth is a

The other front is domestic. Britain's nuclear arms are less of an issue now that Labour is escaping from its manifestly

unpopular unilateralism. As a result the Conservatives cannot count on defence being a vote-winner simply because most people cannot swallow

UK defence policy rests on four main planks: the strategic deterrent, defence of the UK and its airspace, an anti-sub-marine navy for the eastern Atlantic and the Channel, and armoured divisions and aircraft in West Germany.

#### Saved by Falklands

The nuclear force, the Government argues, is the minimum needed to stay credible. There is little room for cutting UK air defence. The navy, main target of the last defence review in 1981, was saved by the Falklands conflict, but the number of operational ships has been declining. This year's budget gives the army and RAF more, the navy less. But the navy has a crucial role in the UK's own defence as well as a vital one for Nato.

The 55,000-strong British Army of the Rhine has up to now been regarded as a fixed part of UK defence, an engagement under the treaty governing the Western European Union But in the next four Union. But in the next few years Britain will need to reconsider what to do with it. Moscow is intent on bringing it into the arms talks.

Any change in force struc-ture can and should be worked out with European allies. Equally, prospects of reduced armament and tighter funds increase the need for European co-operation in defence sup-plies. As long as this avoids protectionism, the US would be the first to welcome it as bol-stering Europe's defence contribution. It is preposterous, economically and militarily, that three European allies, as well as the US, should be mak-ing different kinds of main battle tank, and will be more so if tank divisions are cut. The UK's initiative in promoting cross-border arms competition between European allies should be pressed further.

The end result will be greater specialisation. Some shudder at the prospect of plac-ing more reliance on others just when allied cohesion seems to be fragile. But, con-versely, if cohesion is the problem, where else are the allies to find fresh cement?

# Strains in the **Euromarkets**

THE FREEDOM allowed the Eurobond market since its inception more than 25 years ago has been its great strength, encouraging an innovative, entrepreneurial quality to thrive. So far this year borrowers, sovereign and corporate, have raised \$200bn, an extraordinary amount since the underlying market climate has not been particularly favourable. Outstanding Eurobonds together exceed \$800bn, much of which business has been conducted through the City of

There is still some way to go.

but the Eurobond's secondary

market has made great strides in sorting out its problems. The long-term view that investor interests are best served by a transparent market in which price information is available to all participants has pre-vailed over the traders' short-term instinct to profit by hiding prices from investors.
This development, resisted by many Eurobond traders, was made inevitable both by technological developments, which put instant prices into the offices of important investors, and by the efforts of the UK authorities to fit the Euro-bond market into its regula-

tory framework. The Association of International Bond Dealers, now a designated investment exchange in the UK, has played a central role in bringing this about, with the help of its Trax trade reporting

#### Treading softly

So far the AIBD has been treading softly in the new issues market, leaving the relations between underwriters to be governed by guidelines put out by a trade association, the International Primary Market Association.

There is already evidence that a lack of price transparency in the primary market is turning off investors. Euro-bond underwriters are making dream offers to potential bor-rowers, hiding big implicit subsidies through the swap mar-kets and through a legal form of market manipulation known as stabilisation. Some new issues are so poorly priced they remain virtually undistributed to investors, who are left in a

quandary, because they do not know what will happen to the price of a bond once stabilisa-

The unfettered nature which has been the source of the Eurobond market's vitality threatens - in an environment where there is significant overcapacity - to make for its undoing.

Underwriters have been squabbling for years about the proper way to bring issues to market, but it is plain that many of their arguments are self-serving.

#### Global ambitions

The problem is that the Eurobond market is still suffering from overcapacity, notwith-standing the withdrawal yes-terday by another house from the market. That overcapacity is long-standing partly because it is taking years for firms to bury their ambitions of being "global players" in the world's securities market and because the profits for the eventual survivors still seem so big. Even where the likely eventual returns are lower, the shrink-ing market in British govern-ment bonds is taking years to slim down.

In arguing about the techniques of underwriting instead of the fundamental problem of overcapacity, Eurobond houses are acting in a very similar fashion to their colleagues over at the International Stock Exchange. Against a back-ground of a sluggish market, trading rule changes were effected which hurt the small players at the expense of the

large. Unsurprisingly, if the big houses in the Eurobond market can set underwriting rules to suit themselves, they will Equally unsurprisingly, their competitors would like to stop

Sorting out new underwriting rules will not of itself solve the new issue market's prob-lem and most Eurobond market participants recognise this. They all know that the answer to the primary market's problem is a dose of discipline, self-administered. If they cannot bring themselves to do it, then a more vigorous AIBD might lend a hand.

# Michael Prowse on the economics underlying public concern at the Government's plans for the NHS

his autumn Mr Kenneth Clarke, Britain's Health Sec-retary, will attempt to steer controversial health legislation through the House of Commons. After spending six months promoting his white paper reforms, Mr Clarke remains at loggerheads with the medical profession. Opinion polis, more-

cal profession. Opinion polls, more-over, show that the reforms are deeply unpopular with the public. Critics allege the reforms will frag-ment the National Health Service, raise the costs of care, reduce the accountability of health authorities, and pave the way for the eventual privatisation of large chunks of the service. They also point out that, although Mr Clarke's proposals are a response to a review of the funding of response to a review of the funding of the NHS, they have nothing construc-tive to say about it. The NHS is to remain financed by taxation, but there is no commitment to increase expenditure in line with demand for care, which is likely to soar during the 1990s partly because of the ageing

of the population.

The Government's main aim is to increase competition throughout the NHS. A larger fraction of GPs' income will be directly related to the length of their patient lists. This is supposed to make them compete harder for a fixed total pool of patients. Big practices will also be encouraged to accept budgets with which to buy services from hospitals. If they make savings, they will be able to plough them back into their practices.

In secondary care, Mr Clarke is encouraging hospitals to cut loose from the NHS management structure and become "self-governing." Such hospitals, to be known as NHS Hospitals. tal Trusts, will receive funding only to the extent that they successfully compete for health care contracts offered by district health authorities, budget-holding GPs and the private sector. The intention is that districts should increasingly become "purchasing agents," buying care from public and private hospitals which offer the best combination of price and quality.

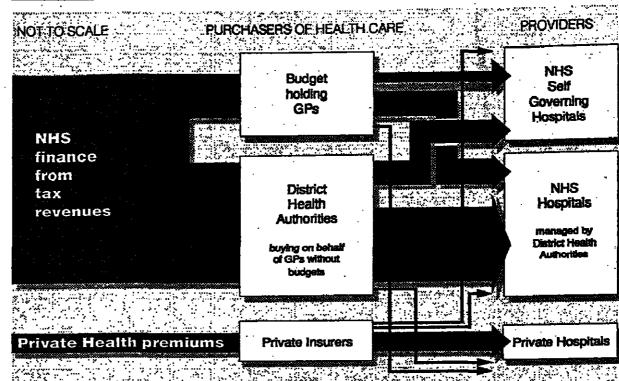
Ministers emphasise the advantages of the planned health care market. The split envisaged between the pur-chase and provision of care (see dia-gram) is seen as particularly significant. In the past, runs the argument, districts had to balance the sometimes conflicting interests of the providers and consumers of health care.
In future, as provision is farmed out
to self-governing units, districts'
responsibility will become more clear-cut: to assess and monitor the health needs of their populations and negotiate the appropriate contracts

with suppliers.

This may sound like a big improvement. But overseas experience -especially in the US - suggests that purchasers of care in a competitive environment have great difficulty controlling providers. If most of the big hospitals become self-governing and many GPs accept budgets, districts will be a shadow of their former selves. They will start out with barely enough cash to meet current commitments, few staff trained in epidemiology and other relevant disciplines, and with little or no expertise in nego-tiating financial contracts. Their ability to act as effective consumer advo-cates, ruthlessly redirecting the activities of big hospitals, must be

questionable.
In reality, the creation of a health care market will effectively fragment ning extremely difficult. Self govern-ing hospitals will be able to retain their trading surpluses. They and budget-holding GPs will be independent agents, setting their own medical care agendas. Some treatments are bound to be more profitable than others. US experience suggests that insti-tutions will adjust their mix of activities in response to financial pressures.

#### Proposed UK Health System: how the money may flow



Providers of care in the public and private sectors will compete for contracts offered by purchasers.

# Competitors in white coats

At present, the allocation of resources in the NHS reflects estimates, how-ever imperfect, of medical need. In the future they will be increasingly influenced by the marketing abilities of

The model of health care adopted in the white paper is also a source of concern. The role of doctors is seen as one of treating isolated bouts of sickness. An individual has a problem. He or she is taken to hospital and cured. That is the end of the matter. But while this may be an apt characterisa-tion of the services offered by the private sector (mainly items of minor private sector (mainly items of minor elective surgery), it does not fairly represent much of the work of the NHS, such as coping with chronic sickness among the elderly.

In many cases, a district's ability to offer continuity of care and to monitor rehabilitation in the community following surgery is very important.

following surgery is very important. It is difficult to see how this will be facilitated when budget-holding GPs, self-governing hospitals and community health services will be under separate and competing managements. The incentive to think about the long-term needs of patients will be reduced and each party will probably try to shift the costs of care on to the

Self-governing hospitals will also be free to set their own pay and condiinstitutions, they are likely to attract the best medical staff. One of the advantages of the NHS as presently run is that uniform pay scales guarantee a relatively even distribution of talent both geographically and by spe-cialism. The white paper changes may encourage able doctors to shun specialisms such geriatrics which are unlikely to be money spinners. Hospi-

tals which remain under the purview of districts may increasingly be regarded as "second-tier."

regarded as "second-tier."

The worries about cost escalation reflect the expense of setting up a trading system. Britain spends much less on health care than comparable countries partly because of low administration costs within the NHS. The present system of giving hospi-tals budgets based on the expected health care needs of their catchment population is simple but effective. The planned market regime is far more complex. All units in the system will have to invest heavily in auditing and billing systems. It will not just be a matter of agreeing a few broad-brush

The white paper changes may encourage doctors to shun specialisms which are unlikely to be money spinners

block contracts. Hospitals will have to accept all emergency patients and find a way of billing their districts of origin, regardless of whether a contract has been established.

There is also a risk that competition will, in itself, raise costs. This pened when the US experimented with increased competition during the Reagan years. The problem is that health care is not a normal commod-ity. Suppliers of care can generate demand for it because consumers rarely know precisely what treatment is required. In the past, NHS doctors have had no incentive to manufacture health care demand because they

have worked within a fixed budget unrelated to that demand. In future, the income hospitals and GPs can generate will depend directly on the business they can attract.

The worries about loss of accountability reflect changes in the composition of health authorities. At present, the 16 to 19 members are drawn from a wide range of backgrounds. Four are nominated by the relevant local authority. The remainder include a trade union representative, a univer-sity academic, a nurse, a GP and a hospital consultant. The regional health authority has to consult them when making appointments. The dis-trict general manager and his team are answerable to the members.

In future, authorities are to resem-ble companies. There will be a chair-man, appointed by Mr Clarke, five executive directors (including the general manager and finance director) and five non-executive directors. The regions will have total discretion over the appointment of non-executive directors, none of whom need be dem-ocratically elected local representa-tives or medical professionals. Many will probably be local businessmen. For the first time, therefore, the

managers will effectively be in total control. Their allegiance will be to higher levels of management within the NHS, not to the local population tives in real companies, they will not even be answerable to shareholders: The elimination of local accountability seems perverse, given that districts are supposed to be acting on behalf of residents.

Mr Clarke has little time for scare-mongering talk about the "hidden agenda" of privatisation. Yet is is easy to see how the reforms could

cause the NHS to unravel. Self-gov-erning hospitals are to be public cor-porations, subject, as their boards will see it, to many irritating Treasury constraints. Borrowing and invest-ment plans are likely to be tightly controlled as will the terms on which trust hospitals can compete for busi-

controlled as will the terms on which trust hospitals can compete for business with the private sector.

The self-governing hospitals will be part of the NHS only in the technical sense that much of their income will come from public sector contracts. What could be more natural than that many will demand to be privatised?

What could be more natural than that many will demand to be privatised? Such status would give them greater freedom yet not inhibit their ability to compete for NHS contracts.

And consider the position of budget-holding GPs. Every part of the NHS that has been subject to cash limits has been forced to ration care. GPs are unlikely to be an exception. limits has been forced to ration care. GPs are unlikely to be an exception. Yet rationing will be especially difficult for family doctors who have long-term links with the general public. A patient may know, for example, that she could have an operation tomorrow if only her GP were prepared to spend some of his budget on a private had.

tomorrow if only her GP were prepared to spend some of his budget on a private bed.

Budget-holding GPs, buying care on behalf of their patients, will have much in common with the pre-paid health care delivery systems found in some parts of the US. But there will be a crucial difference: GPs will have no direct control over the size of their budgets. What could be more natural than that some GPs, in the hope of offering better quality care, argue in favour of direct contributions from patients? One possibility might be tax rebates for patients who are willing to pay to join the lists of certain GPs.

Such developments may not be on the agenda today. But the right-wing think-tanks which produced the ideas behind this year's white paper were well aware that it might end up destabilising the NHS.

Mr Clarke's big problem, as he seeks support for his proposals this autumn, will be to explain precisely how a market system will cuts costs.

autumn, will be to explain precisely how a market system will cits costs and improve the quality of care. Competition in the US has not helped on either front. Indeed, Professor Alain Enthoven, the influential Californian health economist who recommended a competitive regime in Britain, is now saying that US hospitals are in trouble because they lack a public service ethic.

A competitive system will certainly impose costs. Money will be spent on financial systems that could have been spent in measuring the out-comes of different treatments and hence laying the groundwork for a real improvement in clinical effective-ness. Doctors in a competitive envi-ronment will also be less willing to share clinical information.

anare cinneal information.
Financial incentives for doctors will create many regulatory headaches. Budget-holding GPs, to take just one example, will have a very strong incentive to seek healthy patients. The surphises they earn will be sensitive to tiny changes in the balance between healthy and non-healthy patients in their practices. patients in their practices.

The Government will argue that its

reforms offer compensating benefits.
Perhaps. But given that the NHS
already offers exceptionally good
value for money, the onus is surely on Mr Clarke to demonstrate that his reforms will be beneficial. One obvi-ous compromise would be to announce that the more controversial pilot studies and trials and extended to the whole country only if they are aful. The political bonus is that the NHS would not then be a state of turmoil just as the Conservative Party prepares to fight the next general

An article on the growing debate on health care provision in the US will appear on this page shortly.

#### The price of land

■ It has been my dubious fortune only once to live in what might be described as an unequivocally high rent district. This was in Tokyo and my neighbourhood was and my neighbourhood was
expensive not simply because
it was in Tokyo, which is not
exactly cheap, but because the
charming, if ramshackle, little
house was round the back of
the Diet in an area where Japanese MPs used to keep their mistresses. Those were the days when Japanese politicians knew how to conduct affairs with discretion and the price of property reflected this, with minuscule one room apart-ments going for comfortably in excess of \$250,000 and the price of of land beneath the building commanding astro-nomical sums per square foot. Doubtless the declining stan-dards which now unseat gov-

ernments in Tokyo every other month probably mean that Hirakawacho is no longer commanding premium prices. But the Japanese ability to pay top dollar or sterling for foreign property is a matter of record. We should know; our old headquarters in Bracken House were acquired by Ohbayashigumi for the cool equivalent of £3,575 per square foot.

#### In Kent

But it not only the Japanese who may be persuaded to fork out in serious abundance, albeit in smaller lots. There is a small advertisement in the erudite New Yorker magazine from an address in Canter bury offering readers a bit of the old English sod - literally one square foot of it - some-where in Kent for \$98 - or £49 at the somewhat ungenerous conversion rate. This translates, for the mathematically inclined into something like the equivalent of £2.1m an

For this, the buyer can get

# **OBSERVER**

freehold deeds to the said square foot, Land Registry doc-umentation, local survey maps showing the plot ( presumably very large scale maps) and details of local history. "Framed," says the ad, "these documents would add prestige and interest to your home or

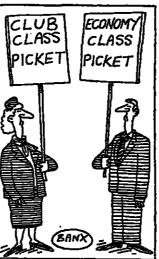
office".
Unfortunately the purveyors of this fascinating offer of a corner of some English field that could be forever foreign are not listed in the British telephone directory and therefore not immediately contacta-

A suspicious mind might

be excused for wondering if this is possibly a deep ruse to frustrate the building of the rail link for the Channel Tun-nel. After all BR is supposed, before presenting its bill to parliament in November to contact all those property owners affected by the new route. The King's Cross legislation almost foundered when it was discovered that a man living on a houseboat on a designated route had been overlooked. He was persuaded to withdraw his grievance, but doing the same with lots of Americans same with lots of Americans in far flung parts might be daunting. American affection for the old country may be great but a yen for a square foot of turf is much more Japaneses. nese in concept. Watch this

In Romania It is not wise, politic or safe, however, to discuss real estate projects, let alone prices, in Romania. Nevertbeless, whether they like it or not, Romanians will be out in force, or by force, in Bucharest tomorrow for the opening of a massive palace commis-sioned by the President, Nicolae Ceausescu.

This is no ordinary edifice. It was constructed not only at great economic expense but



at great expense to Bucharest, once called the Paris of the Balkans. In his wisdom to stress the pure, homogenous nature of the Romanian state, Ceausescu ordered the razing of old baroque churches, the demolition of elegant town houses and the destruction of synagogues, in short, any-thing which smacked of Buropean culture. The end result has been a building which will not only serve the bureaucrats of the Romanian state but will provide the president and his family with an amazing den of security.
Under the building is a anti-

nuclear bunker, a special rail-way link to his private residence and food and drink to feed an army. The building is also known to be bomb-resistant, just in case there is a little local difficulty.

Under ground Mind you, what is under the earth can be, wait for it, a bone of contention. Conspicu-ously absent from all reports of last week's talks in New York between Britain and

Argentina over the Falklands conflict was any mention of a specific, and equally historical, Argentine grievance. This concerns the remains of General Juan Manuel de Rosas, charmingly known otherwise as "the Caligula of the River Plate".

Rosas lorded it over Buenos Aires as governor for an almost unbroken 23 years between 1829 and 1852, using his "mazorca" (spike) vigilan-tes to cut the throats (literally) of those who dared oppose him. He repelled an Anglo-French naval force which landed upstream from Buenos Aires in August 1845, attempting to force open the interior for trade, which was tightly con-trolled by Rosas for his own

Rosas was eventually deserted by his followers in 1852. He fled Argentina on a British ship and lived peacefully enough in Britain until his death in 1877, demonstrating that, once upon a time, we could be rather generous to our former adversaries. An official Argentine delega-

tion — led by vice foreign min-ister Juan Archibaldo Lamas (known as Archi to his friends) formed itself last week to press Britain into returning the corpse of what President Carlos Menem has called "this great caudillo" to Argentina. The relevant talks are shrouded in secrecy.

#### In Poland

■ The genie asks the Pole for his three wishes. "I want the Chinese army to come and devastate Poland." It happens. The genie comes again and the Pole says he wants the same thing, and for the third time. The genie is puzzled. "Why did you want the Chinese army to devastate your country three times?" The Pole smiles. "Easy, they had to cross Russia six times to do

Jurek Martin

# **Property** Management?

The Answer...



45 Berkeley Square London W1X 5DB 01-408 1010

# The 'market mechanism' in pollution control

From Mr Malcolm MacGarvin.
Sir, Influential writings by academics have a habit of mixing common sense with the fanciful. Professor Pearce's recent report on the environment ("Putting a market value on nature," August 18) is no exception.

The main failing is that it misses the opportunity to indicate not so much where ultimately we ought to be heading, but how we should make some sort of start in getting there.
It would be unfortunate if the most important recommendation of the report - the use

#### Employers take 'Peculiar environmentalists' the advantage

From Miss Sue Word. Sir, Mr Redman's letter (August 12) on the same topic as Eric Short's article on the as ente onorts arture in the increases being given on occu-pational pensions ("How pen-sioners lose out," August 12) seems to me both inadequate

and illogical. The fact is that many company pension schemes have huge surpluses at present. This is not because of any investment genius on the part of their managers, but because of a decade of high real interest

rates and high real dividends. In most cases, the employers have chosen to take advantage of these surpluses by reducing or abandoning altogether their contributions to the schemes for a period of years - that is what the suphemism "contributions holiday" actually

An alternative use of the same surpluses would have been to maintain the real value of the benefits paid, or to return them to the value they had when they originally

started. To put it at its simplest: employers have chosen to require pensioners to take a cut in their benefits, in order to be able to increase the divi-

dends to shareholders. The comparison that should he made is not with the life companies, which operate on commercial considerations, but with the public sector schemes, which do maintain the value of

benefits once in payment. The employers in both the public and private sectors claim that they have pension schemes because they care about their workers. Why then does the private sector con-tinue to take this attitude, and to pretend that they cannot afford to do anything else?

5 Goldspink Lane. Newcostle upon Tyne

of the market mechanism to control pollution - were to flounder because of any misconception that there is a need for economists (or anyone else) to place an impossible monetary value on environmental assets. This has not stopped regulators in the US experi-menting with tradable emission permits, nor did it prevent Mr Nigel Lawson, the UK Chancellor, introducing incentives for lead-free petrol. Economists have argued for many years that the management

system provided by the market

mechanism provides a more

Sir, Professor David Pearce's recommendation to the Depart-ment of the Environment that

pollution may be alleviated by

charging the consumer/pur-chaser for the damage caused

is wholly risible.

The sensible rule that the

polluter pays does not mean

that his profit is protected by

passing the extra cost to the

The market economy would

prevent this. Carrots would double in price, but a law that

might protect our environment

by taxing fertilisers would open the door to Dutch carrots,

French apples, Cypriot pota-toes, Colombian plums and so on. Because British wheat is

unsuited to bread-making,

S FOODS PLC

Sir, Richard Donkin's article

on relentless rubbish ("Images of Britain," August 15) seems

to confirm what most of us

have observed: as a general rule, regardless of litter laws

and bye-laws, individual

offenders are not prosecuted.

Clearly the present regulations do not work. They should

therefore be changed. The law should be pointed at those who

provide the means: the guilty party should be deemed to be

the person or company named

From Mr Michael Swiss.

cost effective method of achieving environmental protection, however much or little of it is justified, than an inflexible system of rules and regulations. The use of "green taxes," or

tradable permits, is an approach available for applica-tion now, or at least very soon, even if this is to achieve more broadly based goals than seems to be envisaged by Pro-fessor Pearce. There is a more immediate need for greater scientific consensus on how much pollution the environment can take, and a political consensus on how much it is desirable to

upon themselves the extra

costs of "naturally grown" food, but they must not

Britain, keeping their sto-machs full is a casual pastime

- something they may take or

leave as fancy dictates.

A line between good food and bad food must be drawn in

the same way as a line

between clean water and pol-

luted water, but it should not

be drawn where Professor

Pearce's report has apparently

O.K. NOW TRY TO GET

A CARTON INTO THAT

BIN OPPOSITE THE

PARK GATE

Those employed to enforce.

such a law would have no res-

ervations about proceeding against Macdonald's, Coca Cola, or even the local "chip-

pie" unwise enough to adver-tise his fish-and-chip shop on

If the fines were large enough the "offenders" would

quickly recruit such an army

of cleaners that our streets

would glisten with cleanliness.

his wrapping paper.

Windsor, Berkshire

39 Rell Lane.

Sherwood, Nottinghamshire

M. Swiss, 277 Valley Road,

ne that, for most people in

achieve. Waiting for armles of economists to place monetary values on environmental assets will mean waiting forever. By that time - to recoin Keynes's phrase - the environment will The Pearce report is to be welcomed, but let us not mud-

dle up the common sense of embarking on a market-based approach to environmental management with esoteric ideas about the "value" of nature. Malcolm MacGarvin, Strawberry Cottage, Dunnington, York

# Competing would we impose an entry tax on US grain? (Or eat cake?) It is all right for peculiar environmentalists to impose

From Mr Daniel Moylan.
Sir, in parroting the Delors committee's facile rejection of allowing the Ecu (European unit of currency) to compete with national currencies as an alternative to monetary union, Mr Andrew Brociner (Letters, August 14) entirely misses the point (and with less excuse, in a disinterested academic, than that available to the politically motivated Delors committee). Competing currencies, far

leading to inflation,

ing inflation, lest their paper money go out of fashion. The weakness of the single-

cive central bank mechanism to look after the benighted populace - despite evidence that most central bankers in Europe have failed to show any competence at all in resisting inflation, and so have forfeited all rights to our confidence in them to achieve in a multi-national environment what they have so manifestly failed to accomplish at national level.

ciner's - and Mr Delors's .

# currencies

would be markedly anti-inflationary. This is because, given a choice between a stable and a depreciating currency, individ-nals — whether wage-earners or savers — will prefer the for-mer. Thus issuers of currencies will be forced by competition into a virtuous circle of reduc-

currency-by-fiat brigade is that it thinks people are so foolish that they cannot recognise inflation when it is happening, and so simple that, given the opportunity, they could not protect themselves from it. Hence the demand for a coer-

The frony is that Mr Brockner's letter appears on the day you report Professor Geoffrey Wood's new paper for the Institute of Economic Affairs. It completely controverts Mr Brocase. Daniel Moylan,

7 Kensington High Street, W8

## The invisible man in the lift should have his say . . .

on the litter.

From Mr C. McKenzie. Sir, As RETPU national offi-cer for lifts, I feel that as far as the Financial Times labour pages are concerned, I am the invisible man. A couple of weeks ago you reported the

mentioning us at all. And on August 17 you printed an article about Otis and Express without even a

Otis 12 per cent deal without new agreements had been fully negotiated by our union. So far from being left with the residue, I would stress once again that we have been in the forefront of negotiating these new agreements, and we hope sentence to indicate that these important - indeed radical -

Let offending names be named

to extend the principles to the other companies. C. McKenzie.

Electrical, Electronic, Telecommunication & Plumbing Union, West Common Road,

#### Dividend policy and BAT

From Mr Daniel O'Shea. Sir, Mr de Nemeskeri-Kiss and Mr Day, in their letters (August 16 and 18) replying to (August 16 and 16) replying to mine (August 11), both make perfectly valid points. But they misunderstand my point.

I was not discussing "total return." I was not discussing "AT's use of the profits it has returned over the years.

retained over the years (though this may possibly have reduced the returns on its capital). I fully agree that shareholders may eventually get high returns from "underval-

I was simply asserting that relentions depress share prices, here and now; and that the degree of retention in BAT's case, as perceived by investors

From Mr Tim Congdon and Mr

Sir, The quest for a new mea-

sure of monetary policy, to be known as "Divisia 4" (dis-cussed by Roy Batchelor, Alec-Chrystal and Peter Spencer in their FT article on August 16),

ineir Francie on Angust 10, is unfortunate because it makes the relationship between money and economic activity more opaque and difficult to understand.

It adds complexities in at

tute 85 per cent of broad

least three ways:

the "gap" which has exposed it to the raiders. Of course this is all complicated with BAT's use of the retentions over the years. That is partly the result of a policy of low distribution. As for Mr Day's point about "delisting" tobacco and financ-ing it by debt: surely a sounder middle course is mixed debt and equity with high distribu-

tion of earnings? ship between dividend cover and p/e ratios . . . Daniel O'Shea,

over the long term, is defi-nitely responsible for a lot of Three Quays, Tower Hill, EC3

Finally, if anyone requires absolute proof of my assertion, I can provide it — with some accuracy. But the prices pages of the FT are quite good mate-rial for analysis of the relation-

M & G Investment Manage-

#### Competition means people

From Mr Simon Taylor. Sir, Maggie Urry's interest-ing article (August 17) on competition in the food retailing business mentions a number of strategic variables: sites, store design, technology, distribu-tion and pricing. But the article omits the most impor-tant ingredient in competitive advantage in the 1990s: people.

Traditional competitive approaches depend on the right human resources to make them work. More crucially, the human dimension is fundamental to the increasing importance of service in the retail product.

Demographic changes affecting the normal supplies of part-time and flexible labour, together with increased compe-tition for the graduates who

are needed as management of modern retail concerns together pose a serious - and necessarily strategic - prob-

lem for all retailers.

One of the most successful of the UK's food retailers is Waitrose - not mentioned in the article, presumably because it is not a truly national chain. The performance of Waitrose appears to be directly linked to the fact that it is operated on the same set of business principles as its parent company, the John Lewis Partnership. The distinctive feature of these principles is the central role they allocate to the human side of business. Simon Taylor,

Keith Bradley, Business Performance Group,

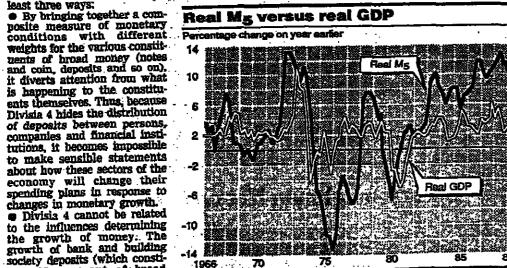
#### Monetary measurements need not be made more complex

money) is equal, more or less, to the growth of bank and building society credit. If money growth is too high, the policy implications — in terms of the required reduction in credit growth — are clear with the monetary numbers as they are now published. They are lost if policy-makers instead look at Divisia statistics.

• The calculation of any Divi-The weighting scheme used in Divisia 4 appears to be particu-larly arbitrary and objection-able, because it depends on the authors' judgment of the rela-tive "money-ness" of the vari-ous monetary assets, rather than on an independent statis-• The calculation of any Divisia index is far from objective.

tical criterion. Moreover, the weighting system surely needs to be adjusted for institutional change in the financial system. One criticism they direct

Real M5 versus real GDP



1966 70

against existing monetary aggregates – that these aggregates have been distorted by regulatory changes and financial innovation – is therefore equally applicable to Divisia 4. No, official monetary aggregates when your to be redesigned. gates must not be redesigned along Divisia lines as Batchelor, Chrystal and Spencer rec-ommend instead the need is to look more carefully at the detailed and comprehensive data available. (In qualification, it should be said that the recent destruction of M3 is a pity, because it remains helpful to distinguish between bank and building society deposits.)

We have found real M5 of great value in spotting turning-points in the growth of real gross domestic product. In contrast to Divisia 4, the economic meaning of real M5 (that is, inflation-adjusted holdings of money and near-money financial instruments) is straightfor-

Tim Congdon, Giorgio Radaelli, Lombard Street Research, 33 Lombard St, EC3

Mr Peter Carter-Ruck's letter (August 21) should have been headed "Dr Armand Hammer," not Dr Arnold Hammer as mis

FOREIGN AFFAIRS

# The closing door to sanctuary

Concluding a series of articles on refugees, Edward Mortimer asks why the West's humanitarian standards are being eroded

duced a two-tier system for waiting for a ruling on their processing asylum cases, oblig-status, which can take two processing asylum cases, oblig-ing applicants to prove "credi-bility" or "eligibility" before their claims can be considered. In Canada, one criterion for this is that the applicant should not have passed through a third country which is considered "safe" - does not practise rejoulement.

ver the past two months a series of reports in the Finan-

cial Times has drawn attention

to the growing refugee problem

in almost every part of the world. I should like to round off the series with some

thoughts about how the West

is reacting to that problem. According to Dr Barbara Har-rell-Bond, Director of the Refu-

gee Studies Programme at Oxford, refugees face increas-

ing insecurity "as a result of declining standards of humani-

tarianism throughout the

especially in that part of it which claims to be the home

and champion of human rights. An article in the current issue

An article if the current issue of the programme's quarterly RPN (Refugee Participation Network – a ghastly name for a useful publication) gives many examples of this galloping trend towards more restrictive practices.

In the summer of 1987 the

British Government refused asylum to five Tamils and

returned them to Sri Lanka within four days of their arrival. A Home Office minis-

ter described their claims as "bogus." At least two of them

are believed to have suffered

the outcome of judicial review

in their favour but they have,

meanwhile, been arrested or killed back home is not clear.

Increasingly governments

avoid even considering applica-

tions for asylum by simply ref-

using to admit would-be appli-cants to the country or by

claiming that they have techni-

cally not entered it even

though geographically they

have. France recently deported

three Romanians to Austria on

these grounds, after holding

them in detention near the air-

port for 12 days; and the US has turned back 18,250 Hai-

tians since 1981 under an inter-

diction agreement with Haiti, while allowing only four to

land and file asylum pleas.
It is claimed claimed that

this kind of "non-admission" is

not the same as refoulement

(sending back) of refugees, which is banned under the 1951

Overall statistics are hard to

come by, but according to a leaked Home Office document,

35 people were turned back in this way by Britain in just three weeks of May 1988.

Many countries have intro-

United Nations Convention.

tive practices.

Throughout the world, but

beatings, detention, torture and abduction since their return, and an independent This, in turn, puts pressure on European countries to tighten up their rules. "No adjudicator has now ruled that the Government acted illegally. country wishes to be seen as But under new rules, introsafe, since each fears becoming a so-called country of attracduced in the same year, asy-lum seekers can be deported to tion." And in the context of their country of origin pending 1992, as European governments seek to relax frontier controls Quite what they are supposed to do if the eventual decision is

years or more. In West Germany the work ban lasts for five years, even if the application is successful.

The proportion of applicants eventually granted refugee sta-tus has dropped drastically: from 60 per cent (1983) to just over 30 per cent (1987) in France; from 16 per cent (1984) to 8 per cent (1987) in Switzer-land; from 41 per cent (1982) to 8 per cent (1987) in the UK. More and more applicants are now given an ad hoc status falling short of full asylum -"tolerance" in Germany, ELR ("exceptional leave to remain")

#### 'Asylum seekers and refugees in the West are being marginalised and criminalised'

within western Europe, countries with a relatively liberal approach to asylum seekers are under pressure to bring their procedures into line. Thus "restrictionism in any one European country has a

Power to decide who is eligi-ble is increasingly devolved on immigration officers, who have limited background knowledge of conditions in the country of origin, and often make decisions on the basis of cursory interviews conducted through poor interpreters. In some countries, including the UK, asylum seekers can, in theory be detained indefinitely (although cases are reviewed weekly), and thus enjoy fewer rights than people suspected of criminal offences.

In some countries people are not permitted to work while in Britain - which keeps the threat of repatriation hanging over them, requires them to reapply each year, and does not permit families to join

them for four years. Some ethnic groups - Tamils in the UK, Salvadorans in the US, Africans in France are more or less systematically refused asylum, their parts of the world being defined as ones which do not produce refugees, while others (usually those from communist countries) have much higher approval rates. By all these methods an

increasing number of asylum seekers are forced under-ground, becoming precisely what the rules are meant to prevent them being: a cheap labour force, easily exploited and easily removed when their labour is no longer required.

"Asylum seekers and refugees in the West," concludes the author, Sally Baden, "are being marginalised and criminalised. They are no longer necessarily able to enjoy protection or basic rights such as employment, education, and

freedom of movement." All this is happening in the West, although only 5 per cent of the 14m have sought asylum there, and although western countries successfully absorbed much larger numbers of refugees from eastern Europe after the Second World War. Clearly, there is a great deal of semiconscious racism involved, but also a lot of genuine suspicion that "fortune-seekers" from the Third World are abusing the right of asylum to slip past the immigration

The case of the Vietnamese boat people has highlighted the difficulty that can arise in dis-tinguishing between genuine refugees and "patterns of migration solely or largely generated by voluntary and self-determined decisions," to quote the editorial in the opening number of the Journal of Refugee Studies, launched last year. No one can imagine that the life the boat people are flee-ing from, at terrible risk and towards a very uncertain future, is a picnic. Yet when they recount their individual stories, as some did in John Elliott's article of July 1, it seems almost insulting to suggest that their decision to leave was not "voluntary and self-de-termined."

Life for most people in the Third World is no picnic. Nothing new about that. What is new is the physical and even more the mental accessibility of Third and First Worlds to each other. Vietnamese people have an idea of what life in the West might be like, and we in the West have an uncomfortable idea of what our life might be like if all the world's resources were shared equitably among its population. Per-haps it is just as well, we think, that most Third World refugees land up in other Third World countries, where, at best, they can expect to share the poverty of their hosts, rather than coming here where we might feel obliged to give them a share of our wealth.

If we are getting gradually more callous in our attitude to Third World refugees, it may be for the same reason that white South Africans get more callous towards blacks, or Israeli Jews towards Pale ians: we see them not as indi-viduals but as representatives of a group whose claims could not be satisfied without the destruction of our way of life. It is a possible explanation, but not an excuse.

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# FINANCIAL TIMES

Tuesday August 22 1989



# Kohl sacks CDU general secretary Czechs defy

By David Marsh in Bonn

MR Helmut Kohl, the West German Chancellor, yesterday plunged his Christian Democratic Union (CDU) into its most serious crisis in nearly seven years in government by sacking Mr Heiner Geissler, the party's long-standing general secretary.

Mr Kohl, under pressure from growing radicalisation in German politics, is gambling on increasing the Christian Democrats' right-wing appeal during the run-up to what looks set to be a highly polarised general election at end-

Mr Geissler's eclipse is likely to be highly unpopular with many of the Christian Demo-crats' rank-and-file as well as with several senior ministers and regional party barons. It could unleash a damaging power struggle within the CDU and the three-party Bonn coali-tion just at the time when Mr Kohl badly needs a united

The hard-hitting Mr Geissler, who will stay on until the CDU's party congress in three weeks' time, counter-attacked at a hastily convened press conference saying his dismissal sent the "wrong political sig-

He claimed he was being made the scapegoat for the party's string of recent election reverses - responsibility for which, he said pointedly, also had to be borne by Mr Kohl.

Mr Geissler, the CDU's chief election strategist, is a leader of the party's reformist wing, favouring a more "centrist" line on economic and social issues and on human rights line on economic and social issues and on human rights. He has attracted the wrath above all of Mr Kohl's chief coalition partners, the Bavarian Christian Social Union (CSU), who blame "soft" Geissler policies for the latest election successes of the ultra-Right Republicans party.

Mr Kohl, who has agonised over the general secretary's future at his holiday retreat in Austria during the past month,

Austria during the past month, is due to announce Mr Geissler's successor at a press con-ference today. With specula-tion quashed that this will be Mr Eberhard Diepgen, the for-mer West Berlin mayor, officials hinted yesterday at a surAfter the upheaval of a cabi-net reshuffle in April, Mr Kohi will attempt to outline before press, for the second time in the four months, a "new start" to his faltering Government's programmes.

Mr Geissler said he would

continue to fight against the danger that the CDU could lose its middle-ground appeal and "sell its soul" to forces on the right. He predicted that his ejection, communicated to him ejection, communicated to him in a one hour conversation with the Mr Kohl yesterday, would cause "unrest and dissatisfaction" within the party. Three of Mr Geissler's chief allies - Mr Lothar Spaeth, the Prime Minister of Baden-Wuerttemberg, Mrs Rita Suessmuth, the Bundestag president, and Mr Ernst Albrecht, Prime Minister of Lower Saxony - all issued disapproving statements yesterday. The Republicans, who have profited from Rightwing dissent over unemploy-

Mr Geissler, one of Mr Kohl's longest-serving companions-in-arms, is a jogging enthusiast

wing dissent over unemploy-ment, housing and immigra-tion, called Mr Geissler's exit a

with the creased looks of a tank commander. He has served as general secretary since 1977 under Mr Kohl's party chairmanship. Mr Kohl, who has shown signs of briding the under Mr Kohler's chairmanship. ing under Mr Geissler's chal-lenge to his authority, has faced repeated recommenda-tions from the CSU to dislodge his increasingly restive lieuten-

A clinching role in the deci-sion appears to have been played by Mr Theo Waigel, the CSU chairman and Finance Minister, who entered the gov-ernment in April apparently determined to weaken Mr Gels-slays influence sler's influence.

Mr Kohl is certain to face bitter accusations from within the party that he is disrupting the CDU's election-fighting apparatus at a most sensitive time ahead of a string of important regional polls and next year's general election. But the Chancellor's wellhoned instincts for suppressing challengers within the party -as well as the necessity of appeasing the CSU - appear to have won the day in determin-ing the parting of the ways.

By Leslie Colitt in Prague

THOUSANDS of protesters in Prague cried "freedom, freedom" and sang the Czech national hymn "Where is my Homeland?" in deflance of a ban on demonstrations marking the anniversary of the Soviet-led invasion of Czecho-slovakia in 1968.

The protests began at 5pm at the foot of Prague's vast Central Square, Vaclavske Namesti, when pedestrians heeded an opposition call to stand still and remain silent for two minutes in memory of

Jan Palach in protest against the Soviet occupation. The latest protests presented

Later, the two sides issued a

The Hungarian communist party and the Polish parlia-

in the 1968 invasion while East Germany was the only country to endorse its role in suppressing the reforms of the "Prague Spring".

The 28-year-old Mr Vondra said he was forced to move from flat to flat to evade the police who had been exercising.

trated their counter attack on threatening Mr Vondra with prison and attempting to depict Charter 77 as a collec-tion of depraved individuals.

## march ban to mark anniversary of invasion

The demonstrators also

called out "Long Live Poland" in a tribute to the changes wrought there by the Solidar-ity movement. The names of the former Czechoslovak leader, Mr Alexander Dubcek, and the leading Czechoslovak, playwright and opposition activist, Mr Vaclav Havel,

Riot police closed in on the demonstrators with clubs as the generally young crowd jeered at repeated police calls

for two minutes in memory of the occupation. They were joined by many other citizens on the square.

After 20 minutes the riot

police moved in from side streets and drove the demon-strators back towards the national museum at the other end of the elongated square. The demonstrations were the largest since last January when some 10,000 people marched on the anniversary of the 1969 suicide of the student

the conservative Slovak lead-ership with a challenge at a time when it is becoming increasingly isolated from its reformist East European

neighbours.
Czechoslovak human rights activists halled the support for political reforms in their country from the powerful opposition in neighbouring East European nations.

A visiting co-founder of the

Democrats. Mr Ferenc Koszeg met clandestinely in Prague with Mr Sasha Vondra and Ms Dana Nemcova, who speak for the Charter 77 human rights movement, and who are both trying to evade arrest by the

remarkable declaration saying they had to meet secretly while the streets of Prague were "crawling with police." They declared that the "days of the dictators are numbered" in Prague, as well as East Berlin, Bucharest and Sofia, the Bulgarian capital. They added that the "seeds of democracy" planted in Moscow, Warsaw and Budapest could not be threatened this time by foreign tanks or domestic police

ment last week condemned their country's participation in the 1968 invasion while

police who had been searching for him since last week. Ear-lier this year he was given a two month suspended sentence for attempting to place flowers on a monument in Prague vaciav Havel, who received a nine month sentence. Mr Vondra was wanted for

further interrogation about his role in the successful petition, A Few Sentences, which he said had gained more than 20,000 signatories. The seven point petition for sweeping democratisation has attracted support from many intellectu-als and workers who had pre-viously refused to get politically involved.

The authorities have concen-

tions about the US economy.

A binding projection, which would trigger automatic cuts if the deficit is still expected to exceed \$110bn, will be pub-lished on Oct 16. But Mr Darman said be expected the defi-cit projection to be just under the \$110bn limit for 1990, on the basis of changes agreed

# Colombia steps up war on drugs

Assassination prompts new clamour for action, writes Sarita Kendall

THE Colombian government's attempt to square up to the drug barons has received new impetus from the assassination of a popular politician. But in a country where the drug trade is so deeply entrenched, it is still much too early to see this as the turning of a corner: even the scale of the crackdown this weekend will not be enough to root it out.

Police and army units launched massive operations against the cocaine trafficking organisations as Senator Luis Carlos Galan, assassinated on Friday night, was buried in Bogota on Sunday.

More than a dozen apartment buildings and ranches belonging to top traffickers – including Pablo Escobar and Gonzalo Rodriguez Gacha - were occupied. But although made, the big fish apparently got away.

The offensive is backed by new government measures announced on Friday in response to recent killings and mass resignations by judicial employees. Saying "This is a war against the country," President Virgilio Barco opened the way for the extradition of Colombian traffickers through administrative, rather than judicial, channels. Extradition no longer requires specific approval by the courts or the existence of an international

treaty. New state of siege decrees also allow the confiscation of houses, farms, vehicles and financial assets linked directly or indirectly to trafficking groups. The cocaine lords can no longer shelter behind third parties when registering assets: those "lending" their names to make property purchases with drug money can be given prison sentences of 5 to

While politicians greeted the measures with scepticism, the police and military said they would now be able to strike



Thousands of mourners screaming "Justice" and "Death to drug traffickers" turn the funeral of politician Mr Luis Carlos Galan into a demonstration against the drug cartels

effectively against trafficking

Anti-narcotics units had built up lists of vehicles and properties known to be used by the cocaine cartels. In the last two days 4 tonnes of cocaine paste has been captured, processing laboratories have been discovered and helicopters, launches and weapons have been seized.

For the first time, Colombians have expressed popular support for extradition: when Senator Galan's coffin was carried through the streets of Bogota on Sunday there were cries of "extradition," "down with the mafia" and "justice" from the crowd. Waving white handkerchiefs and chanting campaign slogans, thousands expressed their grief and anger at the murder of the most popular presidential contender. Although drug groups have not claimed involvement in Mr

Galan's shooting, no one doubts their responsibility. He had been threatened repeatedly as he crusaded against cocaine corruption, and narrowly escaped one attempt on his life in Medellin. A police chief who warned him of the Medellin plan was gunned down last

The assassin hiding under the platform set up for Mr Galan's Friday political rally near Bogota was obviously a professional and had several gunmen placed nearby to back him up and allow him to flee. Despite the senator's bullet-proof vest at least six 9mm bullets entered his body and he died almost immediately.
No other cocaine killing has

hit so close to the political establishment or to the heart of Colombians. The 45-year-old Liberal was almost certain to be elected President in 1990.

Party, some saw it as electoral pragmatism, others as a strong force for renovation. Unlike many top politicians Mr Galan had never been tainted by whispers associating him with drug money. Every time a major figure is murdered President Barco is criticised for his failure to face

up to the power of the drug groups and the violence in Col-The new measures provide the means to tackle the traffickers but observers doubt

When Mr Calan's New Lib-

eralism movement, founded 10

years ago, recently joined forces with the main Liberal

whether the political will is Actions, not words, are being called for, and the govern-ment's credibility depends on the capture of the kings, not just their ranches and ser-

'Loophole' in deficit rules

Continued from Page 1

agreed, will be much more dif-ficult than the current effort to limit the 1990 deficit.

The new deficit projection or "snapshot" for 1990 by the Office of Management and the Budget (OMB) is much more optimistic than that published by the Congressional Budget Office last week, and accommodates optimistic assumptions about the US economy

# China cancels orders for steel

By Robert Thomson in Tokyo

CHINA has cancelled orders for 330,000 tonnes of steel from Japanese producers, blaming a shortage of foreign currency caused by the country's economic problems and a new aus-

terity programme.

Japan's Long Term Credit
Bank indicated yesterday that loans to China would be undertaken with greater caution, while the press in Japan has reported that unnamed Japanese banks have had payments delayed and have received requests for loan rescheduling from Chinese corporations. Japan's Ministry of Interna-

tional Trade and Industry said the decision by the China National Metals and Minerals

WORLD WEATHER

Import and Export Corporation to cut agreed steel imports of 1.58m tonnes for the second half of this year was disappointing.
Six Japanese producers,

including Nippon Steel, the world's largest steelmaker, and NKK are affected. Japanese companies have previously been bruised by sudden changes in Chinese policy and contract failures, particularly over the large Baoston Law and Charles Baoston han Iron and Steel Works in Shanghai, prompting concern that the latest case could be

the first of many.

As a salve, the Chinese corporation suggested that steel sheet imports could be 100,000

tonnes more than expected.
Curiously, the Chinese cutback comes just as the country's State Administration of Foreign Exchange Control has said foreign exchange reserves rose last year to \$17.5bn from

\$15.24bn in 1987. Japanese banks, discouraged until last week by the Government from providing fresh loans to China, indicated yes-terday that they would pay special attention to the country in a regular review of international creditworthiness next month. Banks are worried by their exposure to tourism-re-lated projects, which were hit after June's crushing of the pro-democracy protests.

# BAT defends record against takeover

Continued from Page 1

refused to discuss the subject in detail. Although conceding that some institutional shareholders had made the point they did not wish to see the stock market value of their investments return to the prebid level, Mr Sheehy said he was not certain what the gap, would be if Hoylake was seen He said later that the company did have to look at the

possibility of some kind of financial restructuring as a

noting the example of tax complexities. "I think what we have to look to is more straightforward solutions."

London analysts saw the defence document as a fairly predictable and competent response at this stage in the battle, with the profit figure being towards the upper end of expectations. The figures shares had gained 20p at 833p.

means of addressing the rating question, but that this was a longer-term option. "It's not an easy subject," he commented, rise to 32.07p in earnings per share, while dividends rose 22 per cent to 9.3p per share.

The BAT document brought a vigorous response from Hoy-lake. The bidder said the document "completely fails to address key issues" and was just "a glossy advertising bro-chure which relies on generali-ties and a few isolated success

By the end of yesterday BAT

# Giving ground to Goldsmith

Yesterday's 20p rise in the BAT share price owed less to the rebuttal of Hoylake's arguments than to evidence that BAT is being pushed into a corner. The institutions have made it clear to My Shashy made it clear to Mr Sheehy that come what may, the share price must not go back to where it was. This creates a dilemma: while talk about financial restructuring gives aid and comfort to Goldsmith, to dismiss the gap in value as the market's affair is no longer

enough.

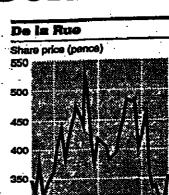
BAT's response is suitably
Delphic. The matter is urgent,
but nothing has been decided:
there could be tax and other
problems: there is no magic wand to get the price up. It all adds to the sense of shadow-boxing, the defence is in large part a non-response to a non-offer. But if the institutions can force such issues into the open, they could doubtless go further and dissuade BAT from throwing huge sums at a Euro-pean insurance acquisition. If this meant halting the grand strategy in financial services and paying more to sharehold-ers instead, that might justify a higher share price on its

Indeed, there are hints that the dividend policy may become more liberal, extending beyond yesterday's 22 per cent rise in the interim payment. The high cover in the past, it seems, reflected the problems of remitting earnings from the Third World. As the balance of the business swings to developed countries, that can change. In this too, BAT is giving ground to Goldsmith. If he ends up going off without his fee, he will at least have earned the gratitude of shareholders.

British Airways

There is a certain seductive logic in the possibility of Brit-ish Airways coming to the res-cue of UAL. BA needs to protect its highly successful marketing partnership with the second biggest US domestic carrier; stronger financial ties in areas such as development of joint sirline hubs and product branding. Longer term, there is always an outside chance that international airline politics may one day allow a truly multinational sirine carrier to emerge, and BA's undoubted international strengths and UAL's domestic clout would make a dream combination. combination.

However, airline managers' dreams often clash with finan-



1986 87 cial reality. BA is already relatively highly geared and its stock market capitalisation of £1.4bn is little more than a third of UAL's. In addition, a 20 per cent minority stake could cost BA about £750m and would be enormously dilutive. If BA really wants to entertain such grandiose ideas it might be better advised to start with be better advised to start with a management buyont of its own. The prospect of wealthy BA employees from Lord King downwards putting their own money into the airline, rather than squandering shareholders' funds on dulous global architecture would do wonders.

ambitions, would do wonders for the share price.

De La Rue

If ever a company exposed its soft underbelly to a bid, that company has been De La Rue since the losses at its Printrak subsidiary surfaced. And however venerable De La Rue may be, it must do better than respond to Norton Cray with a respond to Norton Opax with a tired accusation of opportun-ism. Its sale of Crosfield has shown that De La Rue is capable of securing a square deal for shareholders; but if it is to mount a credible defence, it needs to conclude its search for a new chief executive quickly and allay the market's con-carps over its direction. Those things said, Norton's

at any rate - an answer to De Le Rue makes 560m pre-tax profits next year, at 334p the offer is pitched at only 11 times earnings. Norton says that without bid speculation, De La Rue's share price would drop back to 260p; but it is years since De La Rue was rated purely on fundamentals and its bid premium might not vanish merely because Norton departed. More to the point, Mr Robert Maxwell bought his 15 per cent of De La Rue at about

bld is not - in its present form

420p and seems not to like Norton telling him how silly he

Norton's track record is not conclusive evidence that it can manage De La Rue. And one wonders what connection there was between Bowater taking a 27 per cent stake in Norton in January and February, and Norton's first informal talks with De La Rue, One must ask whether yesterday's bid for De La Rue is a defensive move against Bowater and just how Bowater will rise to the occa-

UK trade

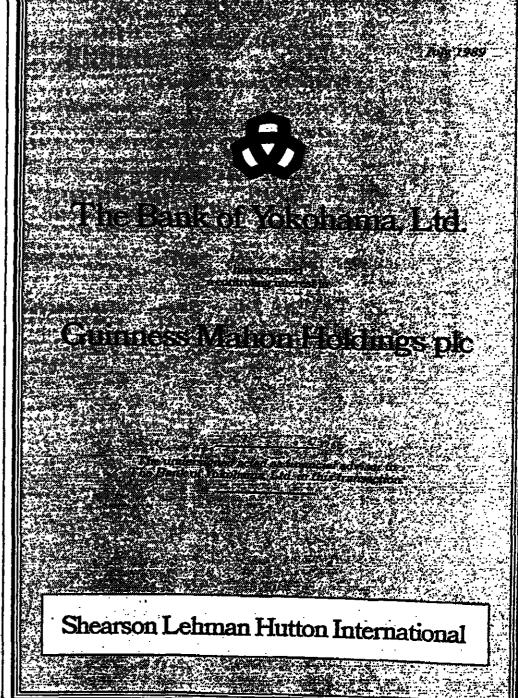
When Japan's leading brokerage house, Nomura, devotes a 48-page study to examining the importance of Japanese direct investment on the UK economy and enlists the support of a distinguished former permanent secretary of the UK Treasury to belp argue its case, it has to be taken seriously. There is plenty of evidence from the US that worries about Japanese investment have far more to do with zenophobia than economic reality and the recent resurgence of the UK

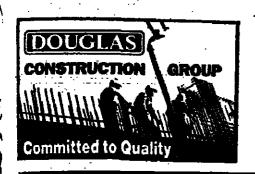
recent resurgence of the UK motor and component industry, for example, owes a lot to Japanese investment.

But in its forecasts that Japanese direct investment in the UK will result in lower interest rates, a faster UK growth rate and a firmer exchange rate. Nomura seems to be trying far too hard. Extrapolating Japanese investment flows on the basis of a couple of years experience is highly questionable. It would have been far better to admit that the main reason Japanese companies are flocking to the UK is that it is an easier point of entry to Europe than elsewhere.

Piessey

The market's response to Plessey's defence document yesterday was sadly characteristic of the final stages of the battle; zero movement in the price, on precious little turnover. In perhaps the most persuaday part of the document Pleasey argues that it is being got on the cheep. And so it is not of the value of GPT and Hoskyns, the £1bn being paid for the rest represents an actual discount to the sector. But if one thing has become clear in the course of the bid, it is that Plessey made a fatal error in agreeing the terms of the GPT joint venture. Only Lord Weinstock can unlock the situation; and he is doing so - as ever - at his own price.





# **FINANCIAL TIMES** MPANIES & MARKETS

Tuesday August 22 1989



#### INSIDE

#### **US says Japanese** bond market is fair



THE US Federal Reserve said yesterday that it found no discrimination against US securities houses active in the Japanese government bond market and that

the four Japanese primary dealers - Nomura Securities (logo above), Daiwa Securities, Nikko Securities and Yamaichi Securities — In the Treasury bond market would be allowed to continue operating. The staff report concluded that US firms were given "the same competi-tive opportunities" in the Japanese govern-ment bond market as domestic firms. Page 21:

#### The nitrate nightmare

Nitrate levels in Britain's drinking water are dangerously high and exposing us all to the risk of contracting stomach cancer. And it's all the fault of the farmers for putting too much fertiliser on the land. Right? Wrong, says David Richardson in Farmer's Viewpoint, where he contends that the evidence for nitrates causing cancer is not proven. And, he claims, the figure of 50 ppm set by the EC as a maximum limit for water must have "been plucked from the air," as there is no scientific evidence that such a limit is necessary. Page 28

Pushing fingers into many pies West German steel company Hoesch is con-tinuing its diversification into high technology by buying Schroff, a family-owned electronics

components business. Hoesch has been making a tentative start at building up its automation and systems activities, to try to reduce dependence on steel. It recorded turnover in this area of only DM213m last year, although this was up more than threefold from DM63m in 1986. Page 19

#### MFI through the mill



There have been times, during discussions with banks and shareholders in the last couple of months, when Derek Hunt; chairman of Britain's MFI Furniture, "thought things were close." MFI's problem is that the downturn in sales of furniture in the UK follows hard on the aged buy-out it arranged to take it out of the

hands of food retailer Asda in November 1987. The crunch of having to pay £10m interest by last Wednesday, and the long negotiations that ensued, have helped Mr Hunt to lose 2 2 stone. But through it all, he is sure that MFI's trading strategy is right. Page 25

#### Japanese move into Hollywood

JVC is a Hollywood unknown that plans to be a film star. Its choice of partner, Mr Lawrence. Gordon, the producer and former 20th Century Fox president, marks its first move on the blockbuster trail. JVC is not new to the film Industry, having a Best Artistic Achievement Award winner at Cannes and several other Japanese films under its belt. But it is treading carefully in the US — this is the first significant Japanese production venture there, and JVC is aware that the Japanese buying into Hollywood could be a sensitive issue. Page 18

#### **Market Statistics**

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FT int band service Financial futures Foreign exchanges London recent issues

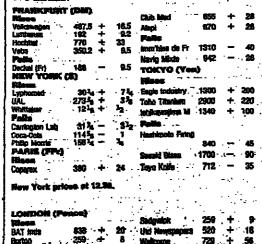
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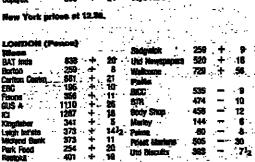
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### Groupe Assurance Haeco Hillsdown Holdings Chief price changes yesterday





# Printing group makes bid for De La Rue

which produces bank notes for more than 80 countries, yester-day rejected as "opportunistic" a 2478m (\$746m) takeover hid from Norton Opax, the specialist printing and packaging group. Mr Richard Hanwell, Norton's

chief executive, launched the bid with an attack on the "total vacumm" of executive leadership at De La Rue, which reported a 59 per cent collapse in pre-tax prof-its to £26.3m for the year to The enlarged group - with

annual sales of more than £700m would have four main divi-sions: specialist printing and packaging; currency printing; security printing; and payment systems - cash dispensers, note counters and currency sorters. The Norton hid presumes that De La Rue's £235m disposal of its Crosfield Electronics printing technology subsidiary to Du Pont of the US and Fuji Photo of Japan will proceed. Norton said that three other De La Rue busi-

# Seeking windows around the world

Andrew Hill and Clay Harris on Norton Opax's bid for De La Rue

f the size of a bid can be measured by the number of banks involved, then Norton Opax's £478m (\$764.8m) hostile bid for De La Rue is enormous. Chief cashiers from as many as 90 countries sign their names on banknotes produced by De La Rue or on De La Rue's printing

As one of the world's largest printers of cheques, bearer bonds, share certificates, credit cards, vouchers and other valuable pieces of paper, the 176-year-old security printer counts an influential group of commercial and central banks among its cli-

Mr Richard Hanwell, the down-to-earth Yorkshireman who has been Norton's chief executive since 1982, is not fazed by the length of De La Rue's client list. Nor is he concerned about the prospect of having to convince unpredictable De La Rue shareholders like Mr Robert Maxwell

or Mr Carlo de Benedetti of the value of Norton's bid. They hold or control 21.5 per cent and just under 5 per cent of De La Rue

respectively.
Mr Hanwell points out that
Harrogate-based Norton has itself built up links with more than 40 governments through its own international security printing operations, and possesses a comparable customer base.

But he admits that as a globe-trotting missionary for Norton, he has seen the respect in which the De La Rue name is held and it attracts him.

"Wherever I go in the world De La Rue has a shop window," he says. "Norton Opax has already achieved quite a leap in seven years. We think we can bring marketing and management to the empty shop windows around the globe."

If Norton succeeds, the com-pany will in one bound achieve its ambition to earn more than

#### **TIMETABLE**

EDEC 1988: Norton Opax's £150m bid for McCorquodale narrowly defeats buy-out offer by target company's managers despite Robert Maxwell's last-minute switch of support to MBO. Maxwell ends up with 22 per cent of Norton, a holding later increased to 25.6 per cent.

MOCT 1987: After market crash, Maxwell buys 15 per cent of De Le Rus. MJAN 20 1989: Maxwell auction of Norion stake falls to fetch 195p minimum but holding sold for 170p to Bowater Industrie FEB 14: De La Rue says profits will fall in year to March.

MLATE FEB: Norton approaches De La Rue and companies begin talks about possible links.

MEARLY JUNE: De La Rue breaks off talks.

BJUNE 6: Chief executive Brian Malpass quits as De La Rue profits dive from £52.4m to £26.3m.

BJULY 14: Scitax, Israeli company 27 per cent owned by Maxwell, buys 6.1 per cent of De La Rue.

Mily 18: De La Rue announces \$235m disposal of Crosfield

to Du Pont and Fuji Photo.

\*\*BJULY 23: Scitex says it might pay up to \$265m for Crosfield. ELULY 30: Maxwell urges postponement of De La Rue agm. EAUG 3: Maxwell slient as shareholders approve disposal.

this position defensible against monopolies objections. However, it plans to sell De La Rue's UK

fingerprint identification systems — would be reviewed for possible disposal. The acquisition would double Norton's 25 per cent share of the UK market for the supply of plastic credit and bank cards. Norton argued that special fac-tors, including the possibility of substitution from abroad, made

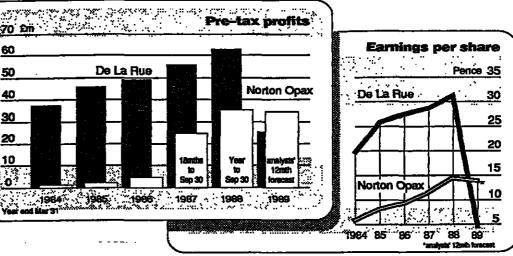
cheque-printing business, a sec-tor in which it already has a 30

Norton's hopes of success depend not only on De La Rue's final response but also on two other parties. One is the publisher Mr Robert Maxwell, who owns 15 per cent of De La Rue and influences another 6½ per cent through Scitex, an Israeli

The other is Bowater Industries, the packaging and indus-trial products group which bought a 28 per cent stake in Norton from Mr Maxwell earlier this year, Norton needs Bowa-

ter's acquiescence for the bid to Before the Crosfield disposal, which is expected to raise a net 2232m, De La Rue has about 2270m of gross debt and £110m of cash in its balance sheet.

The predator, which already company in which he holds 27 owns 0.2 per cent of its prey, is offering one ordinary share, 30p nominal of convertible unsecured loan stock and 150p in cash for each De La Rue



half its income outside the UK. Geographically and by product, the two groups' activities slot together nearly, claims Mr Han-well. Where De La Rue is prominent in continental Europe, South America and South East Asia, Norton's non-UK operations are in North America and Aus-

Norton, he says, would offer De La Rue the stability of its book-printing and specialist packaging operations.

It would also fill the vacuum left on De La Rue's board by the departure of Mr Brian Malpass, who resigned as chief executive on the grounds of ill health in June, when the group announced a collapse in 1988-89 profits, De La Rue denies that the gap

at the top indicates there are holes throughout the group's management, but Norton says it could offer De La Rue subsidiarles incentives and autonomy - the management creed which Mr Hanwell installed at Norton

A takeover would bring dispos-als in its wake, in addition to the already agreed £235m sale of Crosfield Electronics to Du Pont of the US and Fuii Film of Japan. Norton aims to refocus De La Rue on core businesses. Printrak. De La Rue's finger-

print identification operation which lost £14.7m last year, is among the divisions earmarked for possible sale. Others are De La Rue's press controls and elec-tronic production systems and Norton's own US database publishing systems. Norton would also move De La

Rue out of cheque printing in the UK. The group already has about 30 per cent of this market, De La Rue about 12 per cent. Even if this passed muster with the Office of Fair Trading, which is unlikely, UK banks' policy of seeking multiple sources would reduce the combined group's market share to about 30 per cent. Together, the three busiesses account for £50m of the £345m in sales of De La Rue's non-Crosfield rump.

But Mr Hanwell has a number of meetings to arrange before he can return to Harrogate and rest on Norton's laurels.

The first discussions could be with the target itself, re-opening talks which Mr Hanwell says De La Rue closed just before announcing its profits collapse two months ago. De La Rue says there is not much to talk about at the current offer price.

discuss his plans with Bowater Industries, which bought a 25.6 per cent stake in Norton from Mr Maxwell in January. Finally, Norton must renew its

acquaintance with the capricious Mr Maxwell. The publisher and his associate companies would be looking at a total loss - on paper - of about £23m on their investment if they accepted the current

On the other hand, Mr Maxwell and Scitex, the Israeli company

of which he owns 27 per cent, would control nearly 11 per cent

of the enlarged group.
This puts Mr Hanwell in the unusual position of soliciting Mr Maxwell to come on to his share register. "Actually he's very supportive as a shareholder," Mr Hanwell insisted yesterday with a somewhat selective memory. Norton squeezed through with 50.2 per cent acceptances but

then had to wait to see the Appeal Court sustain a crucial Takeover Panel decision. In the latest bid, Mr Hanwell argued yesterday that the funda-mental value of De La Rue shares was in the region of 250p to 260p and that Norton's bid merely crystallised" the bid premium which had been in the shares

since Mr Maxwell first bought in after the October 1987 crash. After the 1988-89 collapse in De La Rue's earnings per share to 4.9p, Norton's offer values it on a heady exit multiple of more than

Moreover, with the dearth of executive directors at De La Rue and the current unfriendly climate for leveraged buy-outs, it appears unlikely that Norton will face a rival offer from manage-ment as it did at McCorquodale. In any case, argues Mr Philip Cushing, Norton's chief executive for international operations: "It is the combination of the two companies which offers the opportunity rather than a solo bid to get a change of manage-

## **Troubled** Wang in bank loan reprieve

By James Buchan

in New York

WANG Laboratories, the US computer maker, has secured a breathing space for its troubled business with an agreement from its banks to maintain their loans

to the company.

The agreement, which was reached after a weekend of grinding negotiation, buys a little time for Dr An Wang, the company's ailing founder, to find a new president who can tackle the weakness in Wang's main market for minicomputers. Wang stock rose smartly on Wall Street in reaction to the agreement yesterday morning, climbing \$14 to \$5%.

Under the new agreement, the bank lenders led by Bank of Boston agreed to maintain some \$475m in outstanding loans and provide an additional \$100m in new money. Of the old loans, \$125m worth were due on Sep-tember 30 and these have been rolled over until next July.

To secure the loans, Wang is pledging its assets excluding its inventory. But in an unexpected concession, the banks will let Wang raise up to \$175m from asset sales and plough it back into the business as working cap-

"Adding in that \$175m puts us in a much better situation," said Mr Paul Henning, a Wang offi-

cial. The company said yesterday that it would now make all pay-ments outstanding on its debt. Last week, as the negotiations dragged on, the company said it would not meet principal and interest payments coming due on

The company has a total of more than \$900m in bank debt, securities and short-term IOUs sold to European investors, known as Eurocommercial paper. The company's sales are slowing at \$3.03bn in the year to June, and the company lost \$424.3m in

The agreement, which was signed in the early hours of yesterday morning, was welcomed on Wall Street. "At least they've got 11 months to straighten things out," said a credit analyst. Another said the agreement showed that Dr Wang, despite his ill health and the weakness of the company, still had the strength to negotiate a favourable deal.

The next step is for Dr Wang, who is 69, to find a president to replace his son, Mr Frederick Wang, who quit two weeks ago apparently for fear that he had lost his father's confidence. Wang has also retained two investment banks to raise cash by finding buyers for outlying

# GEC/Siemens bid price too low says Plessey defence document

By Hugo Dixon in London

THE HOSTILE 270p-a-share offer for Plessey by the General Elec-tric Company and Siemens of West Germany is unacceptably low, according to the defence document published yesterday by the beleaguered UK electronics

group.
Shareholders faced little downside and considerable upside if they rejected the offer.

"It is good to have the real fight which is in the market-place for the hearts and minds of our shareholders," said Mr Stephen Walls, Plessey's managing director as he launched the defence or as ne immend the desence document in the hopefully-named Victory room of the company's new presentation centre near Trafalgar Square, in central London. He made clear that the defence

campaign which has two-and-a-half weeks to run would now concentrate on highlighting the value of an independent

Plessey.

The manouevring of the past nine months, during which Plessey has tried a series of innovative moves to escape the clutches of GEC/Siemens, was at an end, according to Mr Nick Jones, a managing director at Lazard Brothers, Plessey's merchant

"It is not helpful to have any more rabbits coming out of the

Plessey's argument that the 270p offer does not include much of a bid premium is based on comparisons with other companies in the sector. The company contends that a premium is due because of the strategic value that both Siemens and GEC would get from acquir-

ing it.

Mr Walls claimed that the company had an exciting future if it remained independent. It would continue its policy of diversifying into high-growth

areas and would promote alternative ways of restructuring the UK electronics industry. The defence document had no impact on Plessey's share price, which closed unchanged at

266p. However, Mr Walls intends to see 50 of the company's leading institutional shareholders in one-to-one meetings over the next two and a half weeks in the hope of moving it above the offer

Additionally the document revealed that Plessey's directors were awarded salary increases of up to £25,000 a year at the begin-

ning of July. Sir John's salary went up from £215,000 to £240,000, equivalent to a 11.6 per cent rise. Mr Stephen Walls, the com-

pany's managing director, saw his salary rise by £25,000 to £200,000, a 14.3 per cent

# **UAL** vetoed buy-out plan in June

ley was "one of our financial

advisers" and said that he could

not comment on his company's

By Anatole Kaletsky in New York finance director, would only con-firm publicly that Morgan Stan-

BRITISH Airways and Morgan Stanley proposed a leveraged takeover of United Airlines three months ago, but were initially rebuffed by the management of UAL. United's holding company. But following the \$6.2bn bid for UAL announced this month by

Mr Marvin Davis, the management changed its mind, and the planned BA/Morgan Stanley part-nership has emerged as the lead-ing contender to buy the second largest US airline. However, US protectionism could still be an obstacle to a buy-out led by BA, as closer ties between it and United would further than the state of th

ther weaken the struggling US

flag-carriers across the Atlantic,

Pan American and TWA. .. Mr Derek Stephens, BA's

involvement in an earlier proposal to buy UAL. Officials at Morgan Stanley, the New York investment bank whose \$2.3bn leveraged buy-out fund is the second biggest on Wall Street, were also unavailable for comment.

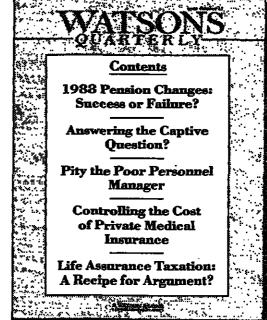
However, people involved in the escalating bidding contest for UAL said that BA/Morgan Stan-ley was the other party referred to by United's management when it said this month that it would carefully weigh the hid from Mr Davis along with restructuring proposals from others.

The idea of a buy-out backed by BA was first mooted by Morgan Stanley in June, immediately after the takeover of NWA, the parent company of Northwest

But Mr Stephen Wolf, UAL's chairman, felt that his company would not be vulnerable to a hos-tile bid; therefore he rejected the friendly proposal.
Immediately after Mr Davis

launched his bid for UAL, Mr Wolf and other members of the UAL board changed their attitude. The presence of the Morgan Stanley/BA partnership as a rival bidder in the background is said to have been the main reason why Mr Davis has twice raised his offer for UAL.

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#### INTERNATIONAL COMPANIES AND FINANCE

# JVC in film deal with US producer

VICTOR COMPANY of Japan (JVC) yesterday announced the signing of a \$100m-plus film deal with a prominent US pro-ducer – going to Hollywood with dreams of box office hits and the hard-headed presumption that the film capital's glitter will rub off on its reputa-tion in a glamour-conscious home market.

Having already bankrolled a
Best Artistic Achievement
Award winner at Cannes and
several other Japanese films,
JVC is more in Hollywood for the money than the artistry, and has chosen as a partner Mr Lawrence Gordon, the pro-ducer and former 20th Century

In the first significant Japanese production venture in the US, Mr Gordon will add his expertise to JVC's capital to form Largo Entertainment, which is described by the Japanese company as a "general partnership." JVC said its initial outlay would be in excess of \$100m, but did not reveal the precise total. The partners would have half shares.

Largo Entertainment has plans to produce three films a year, and a JVC official said that the first production could be in US cinemas next sum-mer, though the film has yet to be chosen. The official said Mr Gordon, whom the Japanese company presumes will have a budget per film of \$20m on pas performances, has a stock of 30 works in progress.

JVC, which is 50 per cent owned by Matsushita Electric Industrial, the maker of National and Panasonic con sumer electronics goods,



Hollywood success: actor Bruce Willis in Die Hard, one of Lawrence Gordon's cinema hits for 20th Century Fox

expects that the finished celluloid product "will be a first class, good quality film" that makes money.

Other Japanese companies have shown an interest in Hollywood, including Sony, a rival consumer electronics company which has bought CBS Records and appears keen to purchase an established film house. JVC bought by a Japanese comitself says that buying an exist pany. "We feel that we have

ing studio had been seriously

ronsidered.

"We thought there might be problems in buying a big studio. We wanted to be sensitive to the feeling in the US," a company official said, all ding to the possible outers if a six. to the possible outcry if a studio perceived by the US public to be a national asset was

very much to learn about films, so we think that this is

rilms, so we think that this is quite a good deal."

The investment in Largo will be made through JVC Entertainment, a recently established Los Angeles subsidiary devoted to to the film and market induction. We Serichten music industries. Mr Seitchiro Nīwa, senior managing direc-tor of JVC, has been appointed chairman of JVC Entertainment, and said yesterday that "it has long been our dream to get into the movie business on the world stage."

He added: "We are excited to

be Japan's first entrant into the US film industry, and are confident that the combination of Mr Gordon's excellent movie production expertise and JVC's capability in hardware and software will greatly contrib-ute to the development of movie and visual cultures," Mr Gordon has become one

of Hollywood's more bankable producers, with hits including Field of Dreams, Die Hard, and Predator. He will be the chairman of Largo Entertainment, which will not distribute its own movies, but presumes that the product will be handled "only by major studios."

JVC, which already distrib-utes films and videos in Japan, and Mr Gordon will have a 50 per cent share of distribution, performance, television and video rights in the US and Rurope, while in Japan JVC will hold full rights. The Japa-nese company will have to approve in principle a project before money is committed, though the Hollywood pro-ducer will have the "final cre-ative say."

# Malaysian group recasts debt and equity

By Lim Siong Hoon in Kuala Lumpur

UMW Holdings, the Malaysian automotive group which has been hit by introduction four years ago of the rival Proton national car, has begun a 53m ringgit (US\$19.7m) debt and equity restructuring scheme.

The group is predicting a pre-tax profit of 52m ringgit this year after a run of losses. UMW is mainly engaged in supplying Toyotas, and its

improved performance will in addition enable it to regain majority control of UMW

Toyota Motor, the Toyota car assembler and distributor. after UMW's financial position forced it to surrender part of its holding to Japanese inves-tors in 1987.

The latest acquisition, being made via a share exchange, raises UMW's interest in UMW

Toyota to 72 per cent from 44

will convert a 32.73m ringgit of debt into equity at one ringgit a share, it said in a circular to shareholders. It will also offer 3.9m new shares and 500,000 ringgit cash to double its stake, to 85 per cent, in Seablanc Kre-

per cent.
The new car market in Malaysia has begun to recover since a slide in 1987. This year sales are anticipated to top 70,000 units, up by 20 per cent from last year, because of bet-ter economic growth and an appreciation in the value of the

Malaysian ringgit.
In the restructuring, UMW

dit, a hire-purchase and finance company. Together the arrangements will expand its share capital by 40 per cent to 162.41m ringgit.

All of these securities having been sold, this announcement appears as a matter of record only.

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**NEW ISSUE** 

August 22, 1989



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### Nikka 20% float to raise at least Y20bn

By Robert Thomson

NIKKA WHISKY Distilling, Japan's second largest whisky maker, plans to float 20 per cent of its equity on the Tokyo Stock Exchange next month in an issue which, at the minimum price indicated yesterday of Y2,800, would raise at least Y20.7hn (\$145.1m).

The listing on the second section of the TSE will represent a test of confidence in Nikka's position in the increasingly competitive whisky market, as well as being the country's first big share launch since last December, when Mitsubishi Motors was listed.

was listed.

Earlier this year, a domestic
tax system which discriminated against imported spirits
was abolished, and Scotch
whiskies and other imports had better access to a whisky market estimated at around

20m cases a year.
Several new Japanese products have landed on the market in the past few months, as local makers have attempted to take advantage of the new pricing structure, and prices of some brands have been heavily reduced.

Nikka Whisky, founded 55 years ago, is controlled by Asahi Breweries, the second largest domestic brewer. Of the 7.7m shares being issued, bids will be accepted through a public tender for an initial 2.28m units, whereafter the rest will be placed through brokerage houses.

Funds raised will apparently be used for capital investment and learn recovered.

and loan repayment. Nikka reported Y2.59bn in pre-tax profits in the year to last December, an increase of 20.8 per cent on the previous year. The Tokyo stock market

edged to a record high yester-day, despite thin trading, and brokers expect that gains made in recent weeks will be consolidated in the coming month, as there is an expectation of higher than expected company returns this year, all of which creates a congenial

As with most Japanese con-sumer goods, the most lucra-tive section of the whisky market of late has been at the top end, with consumers prepared to pay for quality. Despite the increased flow of foreign prod-ucts this year, Nikka and Suntory remain dominant, with both having their own cosy supplier links to the thousands of small bars around the coun-

About two-thirds of whisky sales in Japan are in bars. while in most countries the take-home trade is a greater

# Fujisawa launches \$1bn takeover bid for LyphoMed

one of Japan's top 10 drugs companies, yesterday offered \$31 a share for LyphoMed, an Illinois-based drugs producer valued under the bid at about

\$1bn. The move is the first significant attempt by a Japanese company to buy its way into the world's largest pharmaceuticals market.

However, Fujisawa's interest in LyphoMed dates to 1985 when the Japanese company first acquired a stake. By October 1986, Fujisawa had increased its holding to its present 30 per cent.

LyphoMed has attracted to be a stake of the company control of the company control of the company control of the co

takeover speculation since June when the Food and Drug Administration approved its NebuPent, an aerosol version of pentamidine which is used to treat pneumonia in AIDS patients. Pneumonia is the leading cause of death among people with

AIDS. LyphoMed performed badly last year, reporting a net loss of \$21.1m on revenues of \$127.8m against net income of \$21m on revenues of \$172.7m a

year earlier.
Yesterday's bid triggered a flurry of activity in Nasdaq over-the-counter trading, where shares in LyphoMed were changing hands at \$30%, up \$7% from Friday's close. By had 1pm nearly 3m shares had changed hands. The closing high for LyphoMed stock last year was \$14%. The company warned, how-

FUJISAWA Pharmaceutical, ever, that "there can be no one of Japan's top 10 drugs assurance that the propasal in its current or any revised form, will be approved by the board, and no one should assume that any transaction will

> None the less Dr John Kapoor, LyphoMed's founder and chairman who holds about 14 per cent of the shares, has agreed not to sell his stock except to Fujisawa until the end of this year. Dr Kapoor has also granted Fullsawa a proxy to vote those shares for the

> rest of the year.
> Fujisawa has US links through a joint venture with Smithkline (now merged with the UK's Beecham) and a licential. sing tie-up with American Cyanamid, but the LyphoMed acquisition would give it a direct US marketing arm in its

> own name. According to Mr Samuel Isaly, an analyst at the New York office of Warburg Securities, this would be the most dramatic move outside Japan by a Japanese presecription harmaceutical company. It would also fit in with the

> general trend in the world's \$120bn-a-year drugs industry towards larger, multinational companies which can benefit from spreading the high cost of research and development and marketing across bigger mar-

"It's gorgeous, just beautiful, stunning stroke by Fujisawa to establish a reasonably strong presence in the US," said Mr Isaly.

#### First Pacific buys 50% of HK mobile phone group

FIRST PACIFIC, the Hong Kong-based investment group controlled by the Liem family of Indonesia, is stepping up the battle in the territory's cellular telephone market with the launch next month of an advanced mobile telephone network by Pacific Link Com-

munications.
First Pacific is acquiring a 50 per cent stake in Pacific Link, formerly known as Chinatel, from the Peking-backed China Resources. The system is being lauched with a HK\$200m (US\$25.6m) investment to improve the old Chinatel cellular network, and will have a capacity of around 40,000 sub-

Chinatel was the smallest of Hong Kong's licenced portable phone operators. The majority of the territory's 70,000 users

son Telephone, a subsidiary of Hutchison Whampoa, or Com-munication Services, a unit of Hong Kong Telecommunica-

tions.
Pacific Link is 30 per cent held by Millicom International, the US-based telecommunications company, and 20 per cent by Comvik of Sweden, both of which were previous partners of China Resources in China-

The new network will operate on an enhanced version of the Total Access Communica-tions System (Tacs), with equipmentsupplied by Erics-son, also of Sweden. Mr Henry Goldstein, chief executive of Pacific Link, said the company was also looking to expand into other areas of personal communications and into other markets within the

# Haeco hit by skill shortages

By Michael Marray in Hong Kong THE EMIGRATION of skilled staff is causing problems at Hongkong Aircraft Engineering Company (Haeco), the com-mercial aircraft overhaul and maintenance company which yesterday acknowledged that profit margins were coming under pressure because of higher wages paid to retain staff and attract new workers. None the less, Haeco's firsthalf figures showed a healthy increase over the same period last year, with profits after tax and minorities up 26.8 per cent to HK\$147.5m (US\$18.9m), on

turnover which grew 19.5 per cent to HK\$696.7m. Haeco, which is part of the

Swire Pacific trading group which also controls Cathay Pacific Airways, was several months ago the target of a recruitment swoop by Qantas, the Australian state-owned carrier which enticed away highly qualified engineers anxious to emigrate from Hong Kong in the wake of the June 4 massa-

cre in Peking.

Hacco said: "In the face of increasing emigration of skilled workers the company is making greater efforts to recruit and retain staff at all levels, and this has already led to higher staff and other costs which are likely to exert some downward pressure on profit

margins in the second half of the year." A company statement added. though, that full-year results should still show a satisfactory

improvement over 1988. The acquisition of three new aircraft by Cathay Pacific, which owns 25 per cent of Haeco and is its biggest cus-tomer, helped boost scheduled maintenance business during the first half.

The workload of the overhaul division was satisfactory with a substantial volume of work performed on Rolls-Royce RB211 engines for Cathay's enlarged fleet.

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A cartificate evidencing Rights and the prospectus relating to the offer are being sent to each bolder of common shares of record as of the

#### NOTICE TO WARRANT-

HOLDERS Notice is besidy given to the holders of warrants (the "Marrants") of NOVA Corporation of Alberta ("NOVA") Compositions of America | National Inden-ture dated as of July 22, 1984, between NCVA and Moneroal Trest Company of Canada (the "Nigers") that holders of Warrants will be contiled to receive of Vehicus will be comen to receive rights (the "Rights") pursuabit to the rights offering [the "Offering") witch NOVA timends to make to the holders of its common shares and convertible securities. The Rights will be detributed to holders of Warrants and securities are received from of subsections to the record date of August 24, 1989, and will expire or September 14, 1989. A bolder is entitled to three Rights for each Warrant held. Five Rights couler the right to purchase one common share of NCMA for the subscription price of \$8,75 (Cata.). In order to obtain your Rights certifi-cate and the prospectus relating to the Official, please attend at one of the offices of the Agent set forth

For further information please con tact the Agent at one of the following

530 Burnerd Street, Vancouver, British Columbia VoC 389 (604) 661-9400 19020 - 101 A Avenue Edmonton, Alberta TSJ 3G2 [403] 422-8181 411 - 8 Avenue S.W.

Calgary, Alberta T2P 1E7 (403) 267-6600 1778 Scarth Street Regina, Saskatchewan S4P 2G1 [306] 525-3786 221 Portage Asenue Winnipeg, Manitoba R3C 251 (204) 943-0451

66 Temperance Street (416) 981-9500 Piace Montreal Trust 1800 McGill College Avenue Montreal, Quebec H3A 3K9 (514) 982-7000 1690 Hollis Street Hallax, Nova Scotia 83/ 3C5 (902) 423-7337

#### NOTICE TO **HOLDERS OF** COMMON SHARE CERTIFICATES OF POLYSAR **ENERGY AND** CHEMICAL

CORPORATION Notice is hereby given to the holders of common share certificates of Folysar Energy and Chemical Corporation ("Folysar") that NOVA Corporation of Alberta ("NOVA") is issuing to the holders of NOVA common shares and convertible securities transferable rights (the "Rights") to subscribe for common shares.

Holders of Polysar common share certificates who have not yet ex-changed their Polysar share certifi-cates into NOVA common shares cates into NOVA common shares must do so in order to take advantage of this Rights offering. Each Polysar common share is enchangeable into \$14.50 [Cdn.] in cash and one half of a NOVA common share. Each holder of NOVA's common shares is entitled to receive, for each NOVA common shares he entitled to receive, for each NOVA common shares he religious confer the right to purchase one NOVA common shares. Five Rights confer the right to purchase one NOVA common share at the subscription price of \$8.75 (Cdn.) per share.

snare.
Holders of Pulysir common shares
have until September 14, 1989, to
make the exchange into NOVA
common shares in order to be eligible
to participate in the Rights offering.
For those shareholders who the part For those shareholders who do not make the archange prior to September 14, 1989, the Rights to which they would be entitled will be sold and the proceeds will be retained by the Trustee, National Trust Company, along with are unused ded. pany, along with any unpaid divi-dends on NOVA common shares until claimed by the shareholder.

#### INTERNATIONAL COMPANIES AND FINANCE

# Club Med stages strong recovery in first half

By George Graham in Paris

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FARRAM.

CLUB Mediterranée, the French holiday group, has reported a strong recovery in first-half earnings after last year's activities had been hit by the weak dollar and by hurricanes and cyclones in the Caribbean

Consolidated net profits increased by 59 per cent in the six months ended April to FFr:120m (\$18.2m), with sales rising by 24 per cent to FFr3.4bn.

The group said its US subsidiary, Club Med Inc, had shown a strong recovery with profits up 48 per cent to \$23.01m on sales of \$269.1m. The 10.5 per

BUEHRMANN-TETTERODE,

the big Dutch paper group, reported a 39-per cent increase in first-half profits yesterday and announced plans to sell its.

soft tissue activities which for

1988 had sales of Fl 210m

Corporation of the US and

Italy's Ferruzzi group, which jointly own tissue activities in Europe. B-T announced last

May that it intended to with-

draw from tissue production and toy wholesaling in order to

concentrate on core activities like industrial paper products

The buyers are James River

year meant that, in French franc terms, the American operations showed a 64 per cent increase in net profits from the first half of 1987-88. Excluding Club Med Inc, group profits rose 86 per cent to FFr14.9m on sales of

Club Med said its "winter sun" holidays had continued to grow by 20 per cent while sales of skiing holidays remained strong despite problems with the lack of snow last winter. The Club filled 75 per cent of

its beds in Europe.

A new village has now been opened at Opio, near Grasse in

and graphic equipment. B-T's tissue subsidiaries comprise Celtona, a household

tissue manufacturer for the

Benelux market, and Invercon Papermills, based in Northern Ireland, which makes private-

label household tissue products

for the UK and Ireland.Be-

tween them they employ 820

people. Invercon made a loss

to alter the shape of B-T. It is currently negotiating the sale of its toy companies and has

moved into the office furniture

business via the purchase of

The disposal is part of plans

In America, Club Med reopened its Mexican village of Playa Blanca and started up the new resort of Huatulco. The Cancun village, damaged by Hurricane Gilbert in Sep-

tember 1988, was not reopened until April, and the Haiti Club Med remained closed. This winter, Club Med plans to open two new ski villages in France at Val d'Isère and at Superbagneres, and agreements have been signed for Club Med projects in Jordan, the Bahamas and Guyana. Club Med One, claimed to be the world's largest sailing cruise ship, is due to be

**Buehrmann-Tetterode up 39%** 51.5 per cent of the Ahrend

For the first half of 1989 net

income jumped to Fl 90.2m

from Fl 64.9m a year earlier. Sales rose by 23.5 per cent to Per-share earnings rose only half as fast as net profits, clim-bing by 18 per cent to F1 2.85 from F1 2.42. For all of 1989 B-T

expects per-share earnings to show an increase on 1988. Nonconsolidated companies profits more than doubled to Fl 24.8m from Fl 10.7m thanks

# ITT insurers

By Halg Simonian

(\$95.5m).

WINTERTHUR, the big Swiss insurance group, has agreed to buy Transatlantische Allgemeine Versicherung and Telcon Versicherung from ITT for an undisclosed amount.

The deal, which depends on approval from the German insurance supervisory office, will expand Winterthur's position in Germany, where it cur-rently owns 37.2 per cent of Nordstern, a group majority-owned by Colonia.

Premium income of Transatlantische and Telcon is estimated at around DM200m

#### Winterthur buys | Gechem to sell unit to Ajinomoto for \$94.4m

By Our Financial Staff

GECHEM, the Belgian chemicals group, is to sell its Omnichem fine chemicals unit to Ajinomoto of Japan for BFr3.87bn (\$94.4m).

The disposal is part of Gechem's plans to narrow its focus to its two main product groups, polyurethanes and metallic oxides, following

recent losses. Gechem, which is 85 per cent owned by Société Générale de Belgique, Belgium's biggest holding company, ran up a net loss of BFr5.1bn in 1988 on

Omnichem itself achieved an after-tax profit of BFr120m for last year on sales of BFr1.6bn. subsidiaries' assets totalled BFr2.4bn.

Gechem said the transaction should be completed by the middle of next month. The purchase price does not include charges related to transactions costs, warranties, and other related costs, the Belgian group said.

Ajinomoto is a leading Japa-nese industrial and food proing group with Y510bn in sales for the year ended March.

The first of the f

#### Hoesch expands in **electronics** components

By David Marsh in Bonn

HOESCH, the West German steel company, is taking over Schroff, a manufacturer of electronics components, in a deal which carries a stage further its diversification drive into high technology sectors. Schroff, a family-owned

business built up from 1960 onwards in Pforzheim, Baden-Wuerttemberg, has a turnover of around DM220m (\$112.5m) and employs 1,200 people. Hoesch, which said it was taking over the company to extend its expertise in the electronic measurement and con-trols area, declined to reveal

the purchase price.

The transaction will take effect once formal agreement is given by the Federal Cartel Office in Berlin. Schroff, which operates production and sales units in France, Britain, the US and Japan, is run by the founder, Mr Gunther Schroff, who will remain chief executive until further notice.

Hoesch has been making an effort over the past two or three years to move into factory automation and electronics systems to lower its depen-dence on steel, which made up roughly half of its DM8.4bn turnover last year.

Schroff's components, including electric control instruments and micro-proces-sor systems are employed in a range of plant and machinery uses and in transport and com-

munication technology.

Hoesch has been making a tentative start at building up its automation and systems activities. It recorded turnover in this area of only DM213m last year, although this was up more than threefold from DM63m in 1986.

It has made a number of acquisitions of smaller. highperformance companies in sectors such as software, sens automatic manufacturing equipment, and telecommuni-

Mr Detlev Rohwedder, the former Social Democrat Economics Ministry state secretary who is now Hoesch chairman, has declared the objective of boosting turnover in the control and measuring equipment area to DM1bn by the beginning of the 1990s.

# Deutsche Bank sets up life unit

By Halg Simonian in Frankfurt

DEUTSCHE BANK, West Germany's biggest bank, yes-terday announced that its long-awaited move into the life insurance business would be made four months ahead of chedule, on September 1.

The move is being spear-headed by a new Wiesbaden-based subsidiary, Lebensversicherungs-AG der Deutschen Bank which is to be capitalised at DM30m. In addition, the company will be provided with DM50m (\$25.6m) for a special "organisational fund." While aiming to compete

with the country's established life insurance industry on both price and range of services, Deutsche Bank's policies will not represent a radical departure from industry practice. Thus the bank has, for example, eschewed the idea of flexi-ble fund-linked life products.

The aim has been to devise policies, which will be sold through the banks's 1,800 branches, better attuned to customer demand than those currently available elsewhere, said Mr Georg Krupp who will chair the new subsidiary's supervisory board.

Fees for policies from the new operation therefore are to be staggered over a period of time, rather than being paid as a one-off lump sum as in cur-rent industry practice in Ger-

Moreover, while differing little on premiums, additional cover, such as continuing payments to dependents, would be cheaper than at other insurers, while there would also be much greater transparency for policy-holders, said Mr Johann Wieland, the new subsidiary's

Mr Krupp noted that Deut-sche Bank Bauspar, the home savings operation set up in 1987, was now writing some 100.000 savings contracts a year at an average size of DM35,000. Most of those required life cover, which was currently being passed on to Berlinische Leben, a specialist life group. This business alone would help get the new opera-tion off to a flying start, he

Mr Krupp was evasive as to whether the bank might eventually take a partner into its new business. The bank's open-ness to outside participation remained "unchanged," he

He was similarly wary on the question of developing the life . insurance business throughout the retail banking network Deutsche Bank is now

trying to build across Europe. The new operation's re-insur-ance needs will be provided by four groups - Gerling-Global and Frankona, both of which are members of the privatelyowned Gerling group, Hannover Ruckversicherung, which is a mutual owned by representatives of German

industry, and Swiss Re.
The choice of reinsurers, which fall somewhat outside the mainstream of German names, throws a telling light on the current differences between Deutsche Bank and the bulk of the established German insurance industry.

Contrary to the view that Deutsche Bank had experi-enced difficulty in arranging reinsurance cover, Mr Krupp confirmed that the bank had obtained very favourable terms for its reinsurance needs.

# Profits mark time at Aga

By Robert Taylor in Stockholm

AGA, the Swedish industrial gas group, reported yesterday profits after financial items for the first six months of SKr540m (\$81.4m), against Skr587m for same period of last year. The main reason for the ack of profit growth is due to the negative effects of auster-ity measures and currency devaluations in Latin America.

Aga estimates that its operating income from its gas operations in Argentina, Venezuela and Mexico fell by nearly SKr50m compared with the first six months of last year. As a result the company said that

GROUPE Assurance Générale

(AG), Belgium's second largest

insurer after Groupe Royale

Belge, is seeking to expand in Europe through acquisitions or

Mr Valeris Croes, the manag-ing director, said AG is in talks with medium-sized companies

in several countries where it

hopes to establish a dominant

"We are in dialogue with

companies in Europe, looking

market presence.

joint ventures, AP-DJ reports.

it expected its results for the whole of 1989 to be similar to last year's SKr1.15bn. It also reported that sales improved by 12 per cent in the

first half - up to SKr5.2bn from SKr4.64bn. But Aga also disclosed that its operating income from its overall gas operations went up by 10 per cent in the first half to SKr590m from SKr534m for the first six months of 1988. while the operating income from its energy operations increased by 23 per cent to

SKr59m from SKr48m. At the same time the group

war chest." He said AG could

count on support from its

shareholders, including Société

Générale de Belgique and Asahi Mutual Life Insurance.

what companies AG is eyeing.

He did point out, however, that

the company is seeking to

expand its positions in France,

the UK, and the Netherlands,

where it already has a pres-ence outside of its home mar-

ket. AG would also like to

enter insurance markets in Italy and West Germany.

Mr Croes said plans for

Mr Croes declined to say

Groupe AG on takeover trail

has increased the level of its investments in land, buildings and machinery to SKr620m

from SKr536m.

Fläckt, the Swedish environmental product subsidiary of the Asea Brown Boveri group, has acquired Aerovent, one of the biggest manufactur-ers of ventilators in the US with annual sales of SKr230m. As a result of the purchase, Flackt's North American operations become the largest producer of industrial ventila-tion equipment in the US, with an estimated annual turnover

strategy for coping with the removal of national barriers to

trade in goods and services in

the European Community by the end of 1992.

1989 earnings to at least match

those of 1988. Business was

proceeding smoothly and

claims were running below

their levels of last year, he

For 1988, AG produced an after-tax profit of BFr5.2bn

which was an increase of 26 per cent on 1987. Group reve-

nues last year totalled

Mr Croes said he expected

said.

#### Control of costs lifts Rabobank

By Laura Raun

EFFECTIVE COST control helped Rabobank, the big Dutch co-operative bank, boost its earnings by 18 per cent in the first six months of the cur-

Net income jumped to Fl 443m (\$201m) from Fl 374mn as costs rose more slowly than income. Expenses edged up 4 per cent to Fl 1.64bn.

Lending was strong in the six months with a record amount lent to the agricultural sector, the mainstay of Rabo's clientele.

But squeezed interest-rate margins limited growth in interest income to 7 per cent to Fl 2.05bn.

Commission income surged 16 per cent to Fl 415m but "other income" fell sharply, by 25 per cent to Fl 79m on losses in the bank's securities portfo-

For 1989 as a whole Rabo predicted that earnings would show a "marked increase" over

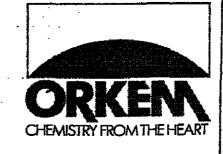
In the January-June period provisions for bad loans were increased by 10 per cent to Fl 275m. Balance sheet total expanded to Fl 170.8bn at end-

# ORKEM HEMISTRY FROM THE HEART

Orkem is a fast growing French industrial group operating internationally. It has a significant involvement in four business areas chemicals, inks, paints and fertilizers.

Particularly strong in certain key areas: thermoplastics, acrylates, polymers and adhesives, Orkem is also France's leading paint producer (with Ripolin and Avi), the third largest European fertilizer producer and the third ink producer worldwide, through its association with the British company, Coates.

With "Chemistry from the Heart", Orkem states its ambition to consolidate itself as a leading industrial group; competitive and capable of taking up the challenge in a rapidly moving world economy.





#### COMMUNICATING FOR THE FUTURE

CNT The Caisse Nationale des Télécommunications, the French State agency, which through its borrowings helps to finance the research and development of France Telecom.

France Telecom... dynamic, modern, the name synenymous with quality research and successful technology... France Telecom... competence renowned throughout the world, a commitment to constant innovation and improvement, a determination to underline its nesition as one of the major forces in world telecommunications.

Partners in progress

As a result of the financing capacity of CNT, France Telecom is today one of France's largest investors in its domestic economy. Through financing the public sector which enjoys the strongest growth prospects at present, CNT links both itself and those who underwrite its borrowings to one of the most dynamic forces in the French economy, France Telecom's commitment to the development of a universal communications network, capable of instant transmission of words, images and data and its constant striving to increase the number of highperformance products and services, adapted to the special needs of its clients, guarantee its future SUCCESS.

**Technical and financial impovation** The dynamic and innovative qualities of CNT reflect those of France Telecom. CNT's operations are based on respect for its investors, and innovative

but prudent financial policies. CNT's professionalism, its leading role in the evolution of new financial products and the supervision of its involvement in various markets, allow it to combine the normal role of a borrower while taking into consideration the interests of its

**neut, leadership, innovation** 

CNT undertakes the external financing requirements of France Telecom. But its role doesn't stop there. It is involved in the active management of debt by its regular presence in the majority of important

financial markets. A contributor since 1987 to the working capital requirements of France Telecom, CNT now issues in the domestic French commercial paper market, with currently about two billion francs outstanding. CNT makes use of a wide range of banking and financial instruments, both classic and new, short and long-term, in French francs or other currencies, to raise the necessary funds and to protect itself against the risks of fluctuations in interest and exchange rates.

CNT's high reputation is regularly proven by the quality of reception its issues receive from the international financial community. CNT's signature is the hallmark of the highest quality for institutional investors interested in supporting France Telecom in its exciting future.

CAISSE NATIONALE DES TELECOMMUNICATIONS

#### FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, August 21,1989. . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	E STG .	US S	D-MARK	(X 100) AEN	COUNTRY		£ STG	US \$	D-MARK	X 1000	COUNTRY		£ ST&	<b>US S</b>	D-MARK	YEN CK 1000
Afghanistan (Afghani) Albania (Lek) Algeria (Dinar)	99.25 10.1277 12.03423	62.8761 6.4160 7.6238	32,2240 3,2882 3,9072	44 1601 4.5062 5.3544	Greenland (Dar Grenada Guadaloupe	(E Carr \$) (Local Fr)	11.9925 4.2363 10.3875	7.5974 2.6837 6.5806	3.8936 1.3754 3.3725	5.3359 1.8848 4.6218	Pers Philippines	(IntO (Peso)	4761.35 33.50	3016.3763 21.2226	1545.8928 10.8766	2118.5094 14.9054
Andorra (Fr Fr) (Sp Peseta)	10.3875 192.25	6.5806 121.7928	3.3725 62.4188	4.6218 85.5394	Guatemala	(US \$) (Quetzai)	1.5785 4.48 <del>59</del>	1 2.8418	0.5125 1.4564	0.7023 1. <del>9959</del>	Piteairn is (E	Sterting) (NZ 5)	1.00 2.6630	0.6335 1.6870	0.3246 0.8646	0,4449 1.1848
Azuba (Florin)	4.2363 1026.55 2.80851	30.2654 2 6837 650.3325 1.7792	15.5110 1.3754 333.2954 0.9118	21.2565 1.8848 456.7519	Guinea Guinea-Blesau Guyana (G	(Fr) (Peso) uyanese S)	470.7 1019.85	298.1944 646.0880 29.6-120	152.8246 331.1201 15.1915	209.4327 453.7708 20.8186	Poland Portugal Poerto Rico	(Zioty) (Escudo) (US S)	1654.0 258.10 1.5785	1047.8302 163.5096 1	537.0129 83.7987 0.5125	735,9288 114.8387 0.7023
Australia (Aus S) Austria (Schilling) Azones (Port Escudo)	2.0687 21.685	1.3105 13.7377 163.50%	0.6716 7.0405 83.7987	1.2496 0.9204 9.6484 114,8387	Haiti Honduras	(Goude)	7.845 3,1480 12.30325	4.9699 1.9942 7.7942 60.6235	2.5470 1.0220	3.4905 1,4006 5.4741	Çatar Resolon İs, de la	ORIyaD OF/Fr)	5,6890 10,3875	3.6040 6.5806 9.3633	1.8470 3.3725 4.7987	2.5312 4.6218
Balearic is (Sp Peseta) Bangladesh (Taka)	0.5889 192.25 49.0	1 0.3730 121.7928 31.0421 1.9991	0.5125 0.1912 62.4188 15.9090	0.7023 0.2620 85.5394 21.8020	Hong Kong Hungary Kefand Gelan India Gad	(Forint) dic Krona) ian Rusee)	95.6943 95.36 26.0	. 60.4117 16.4713	3,9945 31,0695 30,9610 8,4415 908,2288	42.5781 42.4293 11.5684	Romania Rwanda St Christopher St Heleta	(E Carr S)	14.781 130.2525 4.2363 1.00	82.5166 2.6837 0.6335	42,2897 1,3754 0,3246	6.5761 57.9543 1.8848 0.4449
	64 40c 64 65g	40.7982 40.9566	1.0245 20.9090 20.9902	28.6540 28.7652	Iran	(Risplah) (Rial) 201 Dinar)	2797.345 116.50 0.4856 1.1545	1772.1539 73.8042 0.3076 0.7313	908.2288 37.8246 0.1576 0.3748 1.0146	1244.6473 51.8353 0.2160 0.5136	St Vincent   San Marino (ita	(E Carr S) reach Fr) (E Carr S) Jian Lira)	4.2363 2207.25	2.6637 6.5806 2.6837 1398,3211	1.3754 3.3725 1.3754 716.6396	1.8648 4.6218 1.8848 982.0912
Bellze (B S) Benin (CFA Fr) Bermuda (Bermudian S) Bhutan (Nguitrum)	1.5785 26.0	1.9879 329.0307 1 16.4713	1.0188 168.6282 0.5125 8.4415 1.4110	1.3962 231.0901 0.7023 11.5684 1.9337	israel Italy Ivory Coast	(Shekel) (Lira) (CFA Fr)	3.125 2207.25 519.375	1.9797 1398.3211 329.0307	716.6396 168.6282	1 3984 982.0912 231.0901	Sao Tome Saudi Arabia Senegai Seychelles	(Dobra) (Riyal) (CFA Fr) (Rapee)	169.66 5.86075 519.375 9.00	107,4817 3,7128 329,0307 5,7016	55.0844 1.9028 168.6282 2.9220	75.4883 2.6076 231.0901 4.0044 44.1824
Brazil (Cruzado) British Virgin is (US \$)	3.2150 4.0065 1.5785	2.0367 2.5381	1.4110 1.0438 1.3008 0.5125 1.0031	1,4304 1.7826 0.7023	Jamaica Ca Japan Jordan Gordan	(Yen) Ian Dinar)	8.45 224.75 0.9312	5.3531 142.3820 0.5899	2.7435 72.9707 0.3023	3.7597 100 0.4143	Singapore Solomon is	(Leóne) (S) (S) (Shilling)	99.30 3,0898 3,7495 643.29	62.9078 1.9574 2.3753 407.5324	32.2402 1.0031 1.2173 208.8603	44,1824 1,3747 1,6682 286,2246
Brunel (Brunel S) Sulgaria (Lev) Burkino Faso (CFA Fri	1.3767 519.375	1.9574 0.8721 329.0307	1.0031 0.4469 168.6282	1.3747 0.6125 231.0901	Kampuchea   Kenya (Kenya   Kiribati (Au	(Riel) Shilling) Strallan \$)	157.85 33.50 2.0687	100 21,2226 1,3105	51,2500 10,8766 0,6716	70.2335 14.9054 0.9204	South Africa	(Rapd)	4.34925c 6.779g	2.7552 4.2945	1.4120 2.2009	1.9351 3.0162
Burundi (Burundi Fr)	260.0195	7,0525 164.7256	3.6144 84.4219	4.9532 115.6927	Korez North Korez South Kuwakt (Kuwa	(Won) (Won) (Valid Dipar)	1.52193 1045.525 0,4678	0.9641 662,3535 0.2963	0.4941 339.4561 0.1518	0.6771 465.1946 0.2081	Spain Spanish Ports in N Africa (S	(Peseta) p Peseta)	192.25 192.25	121.7928 121.7928	62,4188 62,4188	85_5994 85_5394
Cameroon (CFA Fr) Canada (Canadian S) Canary is (Sp Peseta) Cp Verde is (CV Escudo) Cayman is (CI Si Cent, Afr. Rep (CFA Fr)	519.375 1.8525 192.25 120.821 1.30227 519.375	329.0307 1.1735 121.7928 76.5416 0 8249 329.0307	168.6282 0.6014 62.4188 39.2275 0.4227 168.6282 168.6282	231.0901 0 8242 85 5394 53.7579 0.5793 231.0901	Laos Lebanon (L Lesotho Liberia (L	Alam Vist	895.899 855.00 4.34925 1.5785 0.48278 2.6525	567.5635 541.6534 2.7552 1 0.3057	290.8762 277.5974 1.4120 0.5125 0.1567	398.6202 380.4226 1.9351 0.7023 0.2147	Sri Lanks Sudan Rep Surinam Swaziland (I. Sweden Switzerland	(Rupee) (E)	56.70 7.0605 2.8007 4.34925 10.4450 2.6525 32.949	35.9201 4.4729 1.7742 2.7552 6.6170 1.6803	18.4090 2.2923 0.9093 1.4120 3.3912 0.8612	25.2280 3.1414 1.2461 1.9351 4,6473 1.1802
China (Renminbi Yuan) Colombia (Col Peso) Comoro Is (CFA Fr) Congo (Brazz) (CFA Fr) Costa Rica (Colon)	615-39 519-375 519-375 124-186	329.0307 262.3820 3.6808 389.8574 329.0307 329.0307 78.6734	134,4707 1,8864 199,8019 168,6282 168,6282 40,3201	231.0901 184.2803 2.5851 273.8109 231.0901 231.0901 55.2551 0.5316	Luxembourg  Macao Madeira (Po Malagasy Rep Malagasy	(Pataca) (Pataca) rt Escudo) (MG Fr) (Kwacha)	64.40 12.65446 258.10 2365 4.40	1.6803 40.7982 8.0167 163.5096 1498.2578 2.7874	0.8612 20.9090 4.1085 83.7987 767.8571 1.4285 1.3765	1.1802 28.6540 5.6304 114.8387 1052.2803 1.9577	Thailand Togo Reo	(\$) (\$hilling) (Baht) (CFA Fr)	40.45 225.25 40.50 519.375 2.0687	20.8736 25.6255 142.6987 25.6572 339.0307 1.3105 4.2243	10.6977 13.1331 73.1331 13.1473 168.6282 0.6716 2.1650	14.6602 17.9977 100.2224 18.0200 231.0901 0.9204 2.9669
Cuba (Cuban Peso) Cyprus (Cyprus 2) Czechoslovakia (Koruna)	0.79	0.7569 0.5004 15.4893 10.0411 10.0411	0.3879 0.2564 7.9383 5.1461 5.1461	0.3515 10.8787 7.0522 7.0522	l Martinime	Mailese E) (Local Fr)	4.23975 13.1953 519.375 0.56 10.3875	2.6859 8.3593 329.0307 0.3547 6.5806	4.2841 168.6282 0.1818 3.3725	1.8864 5.8711 231.0901 0.2491 4.6218	Tunisia Turkey Turks & Calcos	) (\$) (D)nar) (Lira) (U\$ \$) trailan \$)	6.66825 1.50195 3436.49 1.5785 2.0687	0.9514 2177.0605 1 1.3105	0.4876 1115.7435 0.5125 0.6716	0.6682 1529.0278 0.7023 0.9204
Denmark (Danish Kroner) Dilbouti Rep (Dilb Fr) Dominica (E Carrib S) Dominican Rep (D Peso)	278.0 4.2363	7.5546 176.1165 2.6857 6.3713	3.8717 90.2597 1.3754 3.2653	5.3058 123.6929 1.8846 4,4748		Ісал Резо)	135.091 24.5 4013.06a 3962.94d 10.3875	85.5818 15.5210 2542.3249 2510.5733 6.5806	43.8607 7.9545 1302.9415 1286.6688 3.3725 3.3725	60.1072 10.9010 1785.5661 1763.2658 4.6218	U A E United Kingdom United States	Shilling) (Dirham) (S) (US S) (Peso)	316.635 5.73875 1.00 1.5785 1009.72	200.5923 3.6355 0.6335 1 639.6705	102,8035 1,8532 0,3246 0,5125 327,8311	140.8E32 2.5533 0.4449 0.7023 449.2636
Ecuador (Sucre)	842.090 906.62a	533.4748 574.3554	273.4058 294.3571	374.6785 403.3904	Mongolia	rench Fr) (Tugrik) (E Carr S)		6.5806 3.3353 2.6837	1.7093	4.6218 2.3425 1.8848 5.9440	Uruguay USSR Vamatu	(Rouble) (Vatu)	1.0153	0.6432	0.32% 60.0649	0.4517 82.3136
Egypt (Egyptian £) El Salvador (Colon) Eguat'l Guinea (CFA Fr)	4.004 7.87 519.375	2.5365 4.9857 329.0307 2.0435	1.3000 2.5551 168.6282 1.0473	1.7815 3.5016 231.0901 1.4352	Morocco Mozambłque Namibia (	(Metical) S A Rand)	1198.026 4.34925	8.4632 758.9648 2.7552	1.3754 4.3374 388.9694 1.4120	533.0482 1 9351	Vatican Venezuela		185.0 2207.25 60.6	117,1998 1398,3211 38,3908	716.6396 19.6753	982.0912 26,9632
Fame is (Danish Kroner)	3.225/5 1.00 11.9925 2.3951	0.6335 7.5974	0.3246 3.8936 0.7776	0.4449	Nepal (Nepale Netherlands N'nd Antilles (A	ise Rupeel	2.0687 37.656 3.4725 2.8242 2.6630	1.3105 23.8555 2.1998 1.7891 1.6870	0.6716 12.2259 1.1274 0.9169	0.9204 16.7546 1.5450 1.2565 1.1848	Vietnam Virgin is-British Virgin is-US	(Dong)	7060.5 1.5785 1.5785	4472.9173 1	2292.3701 0.5125 0.5125	3141.4905 0.7023 0.7023
Finland (Markka) France (Fr) Fr. Cty/Africa (CFA Fr) Fr. Guiana (Local Fr)	6.95575 10.3875 519.375 10.3875	6_5806	2.2583 3.3725 168.6282 3.3725	1.0656 3.0948 4.6218 231.0901 4.6218	Niger Rep Nigeria	(CFA Fr) (Naira)	2.6630 32424.40 519.375 11.32818 11.2500	20541.2733 329.0307 7.1764 7.1270	0.8646 10527.4025 168.6282 3.6779 3.6525	14426,8743 231,0901 5.0403 5.0055	Western Samoa Yemen Yemen PDR	(Rial) (Rial) (Dinar)	15.46 0.53817	2.3693 9.7941 0.3408 24980.6525	1.2142 5.0194 0.1747	1.6640 6.8787 0.2394 17544.8097
Galbon (CFA Fr) Gambia (Daiasi) Germany East (Ostmark) Germany West (DMark)	187.0 519.375 9.64935 3.08 3.08 432.6740	118.4668 329.0307 6.1129 1.9512 1.9512 274.1045	60.7142 168.6282 3.1328 1 1 140.4785	83.2035 231 0901 4.2933 1.3704 1.3704 192.5134	Oman (R)	al Omani) k. Rupee) (Balboe)		0.3809 20.5891 0.8697	0.1952 10.5519 0.5125 0.4457	0.2675 14.4605 0.7023 0.6108	Yemen PDR Yugoslavia Zaire Rep Zambia Zimbabwe	(Dinar)	39431.96 652.68 24.40 3.46	24980.6525 413.4811 15.4577 2.1919	12802 5844 211 9090 7,9220 1,1233	17544.8097 290.4026 10.8565 1.5394

ons: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non to (k) Strying rate; (i) Luxury goods; (m) Market rate; (d) Official rate; (p) preferential rate; (d) committible rate; (r) parallel rate; (e) Selling Some data supplied by Bank of America, Economies Department, London Trading Centre. Enquiries: 01 634 4360/5.

Monday, August 21, 1989

# TRADE INDEMNITY



01-739 4311

THE CREDIT RISK MANAGERS

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange.



#### WERELDHAVE N.V.

ent Company with variable capital, incorporated in The Nethe 23 Nassaulaan, 2514 JT The Hague, The Netherlands

#### **NOTICE OF EXTRAORDINARY** SHAREHOLDERS' MEETING

Notice is hereby given that an Extraordinary Shareholders' Meeting will be held at the Company's Offices, 23 Nassaulaan, The Hague at 13.30 hours local time on Wednesday, September 6, 1989. The only subject on the Agenda is a proposal for the appointment of a Member of the Supervisory Board.

The Agenda for the meeting and the documents

containing the information with respect to the persons, proposed by the Meeting of Priority Shareholders for the appointment as Member of the Supervisory Board as required by Article 142, paragraph 3. Book 2 of the Civil Code are, as from today, available free of charge to shareholders and usufructuaries with voting rights at the Company's Offices, 23 Nassaulaan, The Hague, and at Pierson. Heldring & Pierson N.V., Kempen & Co. N.V., Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., Bank Mees & Hope NV and Credit Lyonnais Bank Nederland N.V. in their respective branches in Amsterdam, The Hague, Rotterdam and Utrecht, and at the offices of Generale Bank, Bank Brussel Lambert and

Kredietbank in Belgium. English translations of these documents are available free of charge at Morgan Grenfell & Co. Limited, New Issues Department, 72 London Wall, London EC2M 5NL and at Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN.

Shareholders and usufructuaries with voting rights who wish to attend the meeting must deposit their shares or deposit receipts from an institution as defined in Article 31, paragraph 2 of the Articles of Association on or before September 1, 1989 at the Company's Offices, 23 Nassaulaan, The Hague or at the offices of one of the Dutch or Belgian banks referred to above or at Morgan Grenfell & Co. Limited in London, where arrangements may also be made for voting by proxy.

The Hague, August 21, 1989

By order of the Board of Management

#### Oesterreichische Landerbank JP¥10,000,000.000 Notes Due 1992

For the 6 months period 18th August, 1989 to 20th February, 1990 the Notes bear the interest rate at 7.7575% per annum. IP¥40,080,417 will be 1990 per JP¥1,000,000,000 principal amount of Notes.

Yamaichi International (Europe) Limited, Agent Bank

NOTICE OF INTEREST RATE KINGDOM OF DENMARK ECU 150,000,000 Floating Rate Notes Due 1990 NOTICE IS HEREBY GIVEN that

the interest rate covering the interest payment period from August 15, 1989 to November 15, 1989 (92 calendar days) has been fixed at 8.80%. The accumulated interest rate factor per ECU 1,000 denomination is 22.4889. CITIBANK, N.A., Agus

August 11, 1989

# The interest payable on the relevant interest payment date, February 21, 1990 against coupon no. 10 will be USS 456.81 per Note. THE AGENT BANK " KREDIETBANK S.A. LUXEMBOURGEOISE

US\$ 100,000,000 UNION DE BANQUES

ARABES ET FRANCAISES

U.B.A.F.

Subordinated Floating Rate Notes due 1995 ordance with the d

period from August 21, 1989 to February 21, 1990, the Notes will earry an interest rate of \$\frac{11}{25}\% per

JEWEL III Limited In Corporal Interest Period National US\$150,000,000 SECURED FLOATING RATE INCIDED BY THE PERIOD BY THE August 22, 1989 By Calbonk, N.A. (CSSI Dept.)

#### Den norske Creditbank **Primary Capital Perpetual**

Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from August 22, 1989 to November 22, 1989 the Notes will carry an Interest Rate of 9.1875% p.a. and the Coupon Amount per U.S.\$10,000 will be U.S.\$234.79.

August 22, 1989, London By: Citibank, N.A. (CSSI Dept.) Agent Bank

#### CITICORPO

U.S. \$350,000,0<u>0</u>0

C.S. \$350,000,000

Subordinated Floating Rate Notes Due August 14, 2011

Notice is hereby given that the Rate of Interest has been fixed at 9.0625% p.a. and the Interest poyable on the relevant Interest Payment Date November 22, 1989 against Coupon No. 13 in respect of US\$10,000 nominal of the Notes will be US\$231.60 and in respect of US\$250,000 nominal of the Notes will be US\$5,789.93.

August 22, 1989, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

#### BUSINESS SOFTWARE

selection of software packages to suit your business needs appears every Saturday in the WEEKEND FT.

Order your copy today.

U.S. \$400,000,000 Banque Française Du Commerce Exterieur Guaranteed Floating Rate Notes due 1997

For the three months August 22, 1989 to November 22, 1989, the Notes will bear interest at 97% per annum. U.S. \$234.79 will be payable on November 22, 1989, per U.S. \$10,000 principal amount of Notes.

# INTERNATIONAL CAPITAL MARKETS

# Handful of issues fail to bring Eurobonds to life

NEW-ISSUE ACTIVITY on the Eurobond market was light yesterday, with a handful of issues failing to disguise the wider quietness. One syndicate manager said that arbitrage opportunities were better than they had been for weeks but that many borrowers were reluctant to commit them

#### INTERNATIONAL BONDS

selves, in the belief that falling interest rates in coming months would lower their borrowing costs.

Salomon Brothers was the lead manager of the day's most substantial deal, a \$300m undated variable-rate note for National Westminster Bank. The notes offered an initial coupon of 35 basis points over four-month Libor, but will revert after the first coupon to a three-month yield agreement.
The issue follows a spate of recent deals for banks which can post the proceeds as Upper Tier 2 capital under Bank of England rules. Salomon brought a similar issue for Bank of Ireland at the beginning of August, and Merrill Lynch several last month.

cial, yesterday's paper was trading around its pur issue price, amid strong demand from a range of institutional clients. There was some comment that the yield was lower than that on the previous deals, but the official pointed to the borrower's top credit rating and to the fact that previous deals had largely been locked away by investors.
Underwriting commissions
were not disclosed.
Abbey National tapped the
New Zealand dollar sector for

the first time, via a special-purpose subsidiary, with a NZ\$100m seven-year zero coupon deal brought by Westpac. The bonds were priced at 45.20 to yield around 194 per cent at to yield around 12% per cent at less total underwriting fees. The proceeds were swapped into floating rate dollars to achieve a good sub-Libor funding level.
The lead manager reported a good reception from Benelux retail investors and was quot-

ing the paper at less 1½ bid, inside full fees. Traders said the maturity was relatively long for the sector and that this had put some investors off. Hambros brought an A\$75m five-year straight deal for South Australia Government Financing Authority. The bonds carry the guarantee of

the state and offered an attractive coupon of 14% per cent.
The lead manager was quoting the bonds on fees at less 2 bid, while there were other bids available at less 1.55. The pricing was described by competitors as realistic and the bonds are expected to sell steadily into the retail market.

The Swedish krona sector was tapped by Kansallis-Osake-Pankki with a Skr300m five-year unswapped deal. The honds were quoted by the lead manager on full fees at less 1% bid, amid retail demand.

In Switzerland, secondary trading was light, as syndicate officials concentrated on preofficials concentrated on pre-paring for a public straight issue expected today for a supranational borrower, possi-bly the Inter-American Devel-opment Bank. The lead man-ager will be Crédit Suisse. The last public issue was at the end of June.

of June.

In Vienna, following approval from the Ministry of Finance last week, terms were confirmed by the lead manager Creditanstalt-Bankverein on a Creditansian-paint veich on a Schibn six-year deal for the Bank of Foreign Economic Affairs of the USSR. The deal, to be opened for subscription on August 29, will be the first by a foreign borrower in the Austrian domestic market.

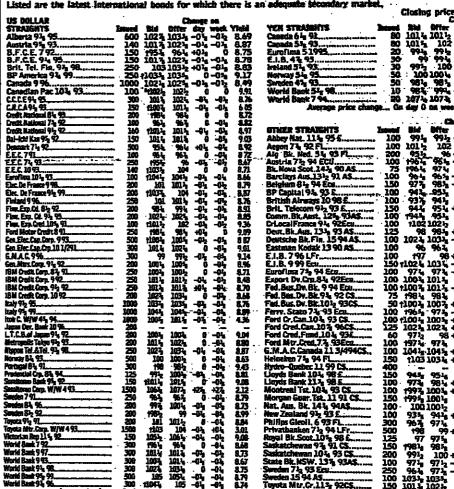
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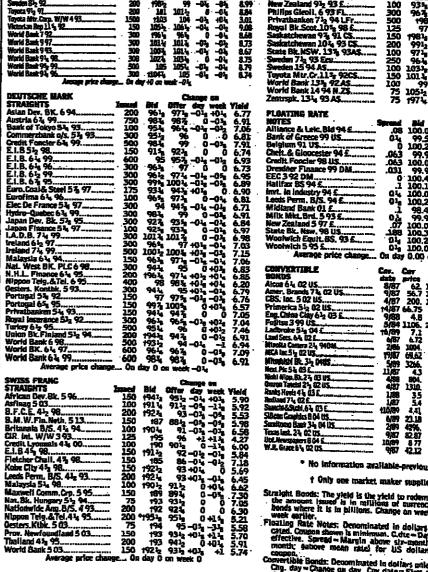
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ISTRALIAN DOLLARS - h Australian Govt.Fin.(c) +	75	1412	1014	1994	2/14	Hambros Bank
EW ZEALAND DOLLARS	100	Zero	45.20	1996	1%/%	Westpac Benking Corp.
N reensiend Treasury Corp(c)◆	15bn	5.3	101%	1994	15/14	18J Int.
FEDISH KRONA Insaliis-Osake-Pankki(c)◆	300	11 <sup>1</sup> g	1013	1994	18/14	Kansailla Banking Group

Neit Toy Total All Sth. Abi Yell Sw. Kal FT INTERNATIONAL BOND SERVICE 





 No information available-previous day's price † Only one market maker supplied a price

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#### INTERNATIONAL CAPITAL MARKETS

# US firms 'fairly treated by Japan'

By Janet Bush in New York

THE US Federal Reserve said yesterday that it found no discrimination against US securities houses active in the Japanese government bond market and that the four Japanese pri-mary dealers in the Treasury bond market would be allowed

to continue operating.

The Federal Reserve Board voted five to one at an open meeting yesterday to accept the conclusions of a staff report on reciprocity in govern-ment bond markets mandated by Congress under the 1988 Pri-mary Dealers Act.

The staff report concluded US firms were given "the same competitive opportunities" in the Japanese government bond market as domestic firms. At the same time, the report recommended that the Fed

should continue to monitor the situation and take "every opportunity to urge Japan to liberalise its markets further and to improve further the openness of competition among recent moves by Japan to open up its bond market, including the decision last year to allow 40 per cent of each 10-year bond issue to be auctioned. The remaining 60 per cent is still allocated to an underwrit-

Mr Manuel Johnson, Fed vice chairman, voted in favour of the staff recommendations but said: "This doesn't mean that this issue is complete. We still have a ways to go towards the evolution of a more effi-cient international financial

The Board also voted to accept a staff recommendation with similar conclusions on equal opportunities for foreign companies in the British gilt-edged market.

Yesterday's decision was widely expected. The Fed, along with several US securities houses that wrote to the Board with their comments, was reluctant to jeopardise further moves to liberalise the ther moves to liberalise the Japanese bond market by tak-The Fed staff report cited ing retaliatory action against

Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities, the four primary dealers in the Treasury bond market.
The Fed is also concerned to

maintain as liquid a govern-ment bond market as possible. The Japanese securities houses are major players in the Trea-sury market and Japanese investors an absolutely critical source of buying for US government debt.

Mr Scott Pardee, chairman of Yamaichi International (America) Inc, made this point force-fully in his comment letter. If the Fed were to rescind Yamaichi's designation as a primary dealer under pressure from US companies, "it would force a well-capitalised underwriter of US long bonds out of the market at a time when the US
needs all the help it can get to
market its securities."

The Fed is also believed to
have been reluctant to penalise

Japanese companies for any

perceived policy failure of the Japanese Government.

the difficulty US companies have experienced in establish-ing themselves in Japan appeared "to reflect primarily obstacles encountered by any new entrant in a foreign mar-Among issues that remain a

The Fed staff report said that

ating in the Japanese bond market is the charge that key economic information is more readily available to local firms than to foreign outfits. In its comment letter, Morgan Stanley said: "The inherent difficulties faced by US firms in penetrating the Japa-

concern to US companies oper-

nese government bond market has been exacerbated by the biased distribution of market information by the Japanese Government and Japanese government agencies." Also cited was the unfair

impact on foreign firms of various structural market deficien-cies such as the lack of an active repo and reverse repo market and the burden of secu-rities transfer taxes.

# CSFB paper tackles new-issue problems

CREDIT SUISSE First Boston (CSFB), one of the leading underwriting houses on the Eurobond market, yesterday released a discussion paper addressing the vexed subject of new-issue procedures on the

international bond market.
In what is seen partly as a response to last week's novel. syndication procedure on a \$500m deal for New Zealand by CSFB's rival Morgan Stanley, the paper sets out Credit Suisse's views on problems in the new-issue market which have radically reduced the profitability of the underwrit-

ing banks. Mr Hans Jörg Rudloff, chair-man of CSFB in London, said the paper was intended to indi-cate the direction the bank would be taking. "We remain totally committed to the primary market. The discussion paper does not pre-judge other ideas, but it does say we can-not put the clock back," he

At the same time, CSFB amounced a reorganisation of its syndicate department. From September 5, the bank will begin making markets in its

اورد. مورود تا دد س

brought by other banks. The move is designed to reduce the reliance of investors on the independent brokers that currently dominate trading of new Eurobond issues by encouraging wider grey market trading

A CSFB official said the bank would also increase its operating capital from £65m in London to more than £100m, subject to Bank of England

approval.
The document stresses that the primary market for Euro-bonds has lagged behind devel-opments on the secondary market, where technological progress has forced transparent price information and encouraged greater liquidity.

CSFB proposes six measures which it says would encourage banks to introduce greater transparency to the primary A shorter primary market period, possibly of seven days,

to allow secondary trading to begin as early as possible.

• Higher standards of disclosure. Lead managers should give the market more information, indicating when their issues will not be widely distributed so investors are not misled. If distribution has not been completed by the comple-tion date, the bookrunner should be obliged to make a

statement to that effect.

• Greater flexibility on commissions and pricing. CSFB argues that any return to a system that seeks an assured underwriting return is unrealistic. Commissions could be arranged on a spread basis depending on the nature of the offering and its inherent risk. A spread of % per cent for a five-year offering for liquid obligations of highly-rated sov-ereign credits would be reason-

able. CSFB says the greatest threat to the free market and its price-setting mechanism is the practice of subsidising individual transactions. Refinement of syndication procedures. Participants in an issue should be on an equal footing. Practices that result in an inequitable sharing of revenues and expenses should be abolished. Advantages such as

pre-placement by the lead man-ager should be prohibited or at least disclosed to the syndi-

cate. CSFB says it may adopt

encourage discipline and co-operation. It says it intends to strengthen the contractual lan-guage in underwriting agree-

 Eliminate artificial prices.
 Securities should trade at their genuine free market levels as soon as possible. Standardise documentation. Frequent issuers should be encouraged to issue standard documents to avoid unnecess-

sary expense and time-wasting. The discussion paper was sent out to a range of industry participants, including borrowers, too late yesterday for any detailed reaction from competitor banks. However, initial comments indicated that rival banks were prepared to read the paper with interest.

However, the paper was greeted with scepticism by some participants, who said they had little reason to trust CSFB and were cynical about

One syndicate manager said that although the primary market might not be transparent to end investors, it was liquid and efficient between professionals. The main problem, he said, remained over-capacity.

#### | Philadelphia SE halts trading

By Janet Bush in New York

THE PHILADELPHIA Stock Exchange has asked investors in its Cash Index Participation certificates, representing baskets of shares, to liquidate their holdings following a court decision late on Friday,
The US Court of Appeals
ruled that index participation
products should be regulated
by the Commodity Futures Trading Commission, which regulates futures markets, rather than by the Securities and Exchange Commission, which oversees securities mar-

The Philadelphia exchange's CIPs and a similar product traded on the American Stock Exchange called Equity Index Participations were approved by the SEC on May 12 and dealings started on both exchanges on May 15 despite unresolved litigation brought by the biggest Chicago futures

exchanges.

The Chicago Board of Trade and the Chicago Mercantile Exchange brought a suit, challenging the SEC's authority to result the instruments. regulate the instruments which, they argued, were effectively types of futures contracts rather than securi-

Index participations allow an individual investor to buy and sell a certificate that rep-resents all the stocks in a sub-stantial equity index such as the Standard & Poor's 500. The product was designed to open up to individual investors the practice of "indexed" or "paswidely used by institutions -in which a portfolio simply seeks to replicate a major

stock index.
The Philadelphia Stock Exchange yesterday opened CIP trading purely for liquida-tion of contracts. The American Stock Exchange delayed the opening and then announced that trading in its EIPs would be limited to closing trades.

Mr Nicholas Glordano, president of the Philadelphia exchange, said he was considering his response, but that Congress would ultimately remedy the "crazy-quilt of regulation" covering derivative

# Treasuries slide after registering early gains

US TREASURY bonds recovered some of the ground lost last week in very quiet morning trading yesterday, but then started slipping back in advance of a heavy schedule of new issues this week.

In morning trading, the Treasury's benchmark long bond had stood % point higher,

#### GOVERNMENT BONDS

but prices started edging lower along the length of the yield curve at midsession. The long bond eased back to stand % point higher for a yield of 8.12 per cent, while some short-dated issues started registering some losses.

With many traders away on with many traters away on holiday, activity was light.

The modest rise in bond prices yesterday morning appeared mostly due to short-covering after the significant price falls seen in the latter holf of last work. These work half of last week. There were reports of some buying of US bonds in overseas markets, encouraged by a firm performance by the dollar abroad. In New York trading, the US cur-

rency slid back. The major concern of the market this week is the supply slated for the first four days of this week. There is little eco-nomic news due, with only July durable goods orders expected today. The size of all this week's sales has been increased as the Treasury continues to raise funds to finance the bail-out of the thrift indus-

The Treasury has been authorised by Congress to raise \$20bn by September 20

**BENCHMARK GOVERNMENT BONDS** Price Change Yield ago 13.500 9/92 107-15 +2/32 10.60 10.68 9.750 1/98 96-27 +4/32 9.95 9.98 9.000 10/08 96-23 +1/32 9.14 9.14 9.125 5/99 108.3438 +12/32 8.16 8.16 8.875 2/19 107.8125 +20/32 8.17 8.18 7.000 2/99 101.8500 +0.050 6.75 6.67 6.87 FRANCE 8TAN 8.000 1/94 97.6217 + 0.001 8.65 8.53 8.77 OAT 8.125 5/99 97.8200 + 0.030 8.43 8.33 8.52 10.250 12/98 104,9250 -0.025 9.44 9.43 9.36 NETHERLANDS 7.000 3/99 99.3600 -0.020 7.09 6.98 12.000 7/89 94.5387 +0.106 12.99 12.99 13.49 London closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in 32nds., others in decimal

and this is being done through cash management bills and increased auctions.

Yesterday, the Treasury sold \$14.4bn in three-month and six-month bills, an increase of \$1.2bn on the normal size. Today, \$9.5bn of two-year notes will be sold, with \$7.75bn of five-year notes following tomorrow and \$9.25bn in oneyear bills on Thursday. The other big market con-cern this week is the meeting

of the Federal Open Market Committee starting today. There is a broad consensus, after a recent spate of economic figures showing stronger-than-expected growth, that the FOMC will leave monetary policy unchanged, with Fed Funds continuing to be targeted at 9 per cent to 91/4 per

Yesterday, the Fed announced three-day matched sales to drain liquidity from the market, consistent with an unchanged policy. ■UK GOVERNMENT bonds closed up to % point higher in an extremely subdued market ahead of the expected release tomorrow of UK trade figures for July. Gains were most marked in issues between five and 10 years, with some buying reported from a domestic UK

Technical Data(ATLAS Price Sources

■AFTER FRIDAY'S dramatic fall in prices, where bunds lost ½ point amid a day of record trading of almost 40,000 contracts on the London Interna-tional Financial Futures Exchange, the West German government bond market ended the day a touch above Friday's close.

After weakening by up to 10 basis points at the day's fixings, prices recovered later, based on the strength of the US market and a slightly easier dollar. Money supply figures for July are due to be released

### Swiss banks' 1988 results hit by Crash

By John Wicks in Zurich

SWISS BANKS' earnings were noticeably affected last year by the results of the stock market crash, according to a report issued by the country's national bank.

While this already showed up in annual reports for 1987, the report says the negative effect was much more in evidence in 1988 figures.

In a review of Switzerland's 628 banks and finance companies, the monetary authority shows that combined gross profits rose by only 2.7 per cent last year, compared with growth rates of 6.5 per cent in 1987 and 11.3 per cent for the previous year.

This was due in part to a 9.3 per cent decline in net commis-

sion income, which had risen by 9.2 per cent in 1987 and by as much as 16.7 per cent in 1986; and a further 4.9 per cent fall in income from letters of credit and money market

Gross earnings from foreign exchange and precious metals trading rose by only 2.9 per

#### FT-ACTUARIES SHARE INDICES

the Institute of Actuaries and the Faculty of Actuaries

٠	RQUITY GROUPS		Mend	ay Aug	ust 21	1989		Fri Ang 18	Then Alleg 17	Wed Aug 16	Year ago (approx)
Fi	& SUB-SECTIONS  gures in parentheses show number of stocks per section	index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est, P/E Ratio (Net)	nd adj. 1989 to date	· Index No.	index No.	Index No.	index No.
1 2	Ruilding Materials (29)	1007.32 1212.59	-9.6 -9.2	18.67 12.35	4.83 4.39	11.50 10.88	20.88 26.47	1012.97 1215. <b>98</b>		1662.66 1211.26	
3	Contracting, Construction (37)	1605.08	-0.2	14.87	4.46	8.79	33.67	1608.23		1694.35	
. 4	Electricals (9)	2984.07	-1.2	7.84	3.87	15.78 15.11	52.79 47.99	2281.55	3013.90 2272.32	2994.51 2263.42	
5	Electronics (30)	2265.30	-9.7 -9.5	8.58	3.31 4.65	12.37	18.58	548.93	547.98	546.13	425.46
. 6		570.JT	+0.1	9.86 19.41	5,68	5.68	14.84	527.JA	522.43	518.01	492.90
ğ	Metals and Metal Forming (6)	367.52	-6.3	19.45	4,29	11.26	8.25	368.79	361.85	362.97	283.31
10			-11	8.38	3.77	14.24	34.62	1981.53	1854.46	1435.55	1314.20
.21	CONSUMED CROUP (186)	1383.22	18.4	7.87	3.09	15.95	22.10	1378.29	1361.60	1356.37	
22	Brewers and Distillers (22)	1549.84	-6,2	8.60	3.15	14.54	25.65	1552.98	1552.94	1545.74	
25	Food Manufacturing (20)	1197.73	-4.3	1.43	3.47	14,84	21.64	1281.82	1194.45	1188.35	977.15
26	Food Balantina (1.4)	19445 381	-85	7.55	2.61	17.50	38.37	2659,26	2638.54	2623.13	
27	Health and Household (14)	2647.81	+2.7	5.55	.1.56	21.24	22.32	2684.54	2496.19	2488.94	
29	Health and Household (14)	1775.77	-0.1	7.83	3.15	17.63	31.23 9.63	1777.89 619.97	1774.22 617.89	1771.36 617.90	539.84
31	l Packaging & Paper (15)	017.40	-0.1	9.45	4.01	13.37 15.83	88.95	3865.24		3858.78	
32	Publishing & Printing (19)	3783.44	+1.0 +9.5	8.14	4.26 4.10	13.22	17.62	M5.23	178.63	873.62	816.26
34	Stores (34)	679.45	#8.5	9,87 10,32	5.01	11.61	15.36	576.62	574.76	574.74	59).56
-35 40	Textiles (15)	1211.58	,	9.53	3.94	12.77	23.13	1212.07	1210.67	1282.18	893.07
40	SAINITH SHARL & Mar or annual contraction of	1618.21	+8.1	666	2.19	18.73	22.79	1688.87	1628.11	1620.36	1492.57
42	Phase lands (22)	1248.24	48.9	11.87	4.62	14.65	48.83	1328.51	1334.52	1333.50	
43		1782.97	-0.2	9.59	. 457	12.27	28.35	1785.91	1792.52		1221.11
	Transport (13)	2433.95	-1.4	8.61	3.72	15.88	40.89	2467,26	2463.02	2454.79	1948.59
47	Telephone Networks (2)	7126.03	-1.3	20.87	4.42	22.99	22.38		1125.19		550,22
48	Miscellaneous (26)	1974.45	+1.5	8.39	3.94	13.67	29.04	1944.52		1954.31	1205.86
	INDUSTRIAL GROUP (486)	1255.45	***********	9.08	3.58	13.60	22.74		1246.63		976.60
51	Olf & Gas (14)	2172.91	-0.5	9.86	5,15	13.46	73.67	Ì	2788.12	2185.29	
59		1333.57	-0.1	9.18	5.78	13.58	26.89	1334.40	1326.39	1320.31	1846.81
	FINANCIAL GROUP (122)	864.31	+0.1		5.89		23.85	803.23	849,16	792.88	697.31
	Ranks (9)	814.91	18.5	21.20	6,12	6.20	33.83	\$18.47	886,40	793.61	<b>644.23</b>
	Insurance (Life) (8)	1222.34	+0.4	-	4.89	_ '	29.86	1217.54	1199.43	1198.73	
66	insurance (Composite) (7)	631.08	+0.1	-	5.88	_=	18.82	630,47	631.12	627.57 945.28	541.62 980.68
67	Insurance (Brokers) (7)	971.62	+1.8	7.77	6.39	17.30	31.89	954.29	942.83	369.34	754.51
68	Merchant Banks (10)	372.65	-8.2	I	4.27		7,36	372.34	373_84	307.34 1381.87	1286.08
69		1386.26	-0.5	6.14	2.85	20.78	18.67 9.83	3393.30 375.89	1393.64 375.68	374.66	377.36
_70	Other Financial (31)	373.82	-0.6	10.77	5.85	11.95	_	1269.39	1267.84	1264.68	965.25
71		1269.76			2.63	13.07	16.93 15.84	714.69	718.54	715.98	533.15
81	Mining Flaance (1)	705.71	-1.3 -8.4	8,47	3,64 5,84	11.56	43.33	1415.69	1414.27	1409.75	1184.53
	Overseas Traders (8)	1409.73	0.4	9.88			25.67		1198.30	1192.13	955.85
99	ALL-SKARE INDEX (700)	1284.17	<u> </u>		3.94						
		- Jackex	Day's	· Day's .	Day's	Aug	Atg	AUD	Aug 15	Ang 14 .	Year
_		No.	Chaege	High (a)	Low (b)	18	17	16			7870.0
-	FT-SE 100 SHARE INDEXA	2374.7	-6.4	2383.8	2344.1	2375.1	; 2368.B	26.	2326.2	<b>2525.7</b>	1832.3

	FiX	(ED I	NTE	RES	r	:		AVERAGE GROSS REDEMPTION YIELDS	Mon Aug 21	Fri Aug 18	Year ago (approx.)
	PRICE INDICES	Mon Aug 21	Day's change %	Fri Aug 18	xd adj. today	xd adj 1989 to date	. =	British Government Low 5 years Coopers 15 years 25 years	9.96	9.35 9.05 9.00	9.13
3	5-15 years Over 15 years http://emables	118.93 134.93 147.88 170.56	+0.14 +0.20 +0.02	118.73 135.25 148.60 178,52	0.52 9.42 -	7,32	67 89	Medium 5 years. Compons 15 years. 25 years. Nigh 5 years. Coupons 15 years. 25 years. 17 years. 25 years.	9.46 9.13 10.37	10.30 9.47 9.14 10.43 9.67 9.29 9.05	10.22 9.67 9.37 10.32 9.83 9.40 9.73
	All stocks	141.13 148.72	+0.86 +0.32	141.04 140.27	: ,	2.26	11 12 13 14	Index-Linked Inflation rate 5% Inflation rate 5% Over 5 yrs. Inflation rate 10% Inflation rate 10% Over 5 yrs.	1.91 3.23	2.76 3.42 1.92 3.25	2.95 3.82 1.84 3.64
_	Rehestores & Laure	114.92				5.77 3.54	16	Deba di 5 years	12.95 11.70 11.12 10.22	12.95 11.68 11.11 19.23	11.03 10.92 10.81 9.83

Oils Planta Mines Others	tions .		perties .			14400000 1174	132 13 23 77	•	133 25 24 72			403 54 7 96 133
	tals		LON	IDO	N RE	CENT	670 IS	SU	641 <b>ES</b>			,635
EQU	ITIE:	S Letest Person	19 Bio	89 1 Jan	5	itect	Classing Price	+=	Het. Dis.	Thes Carri	George Yield	PE Bath
原型不是性的。 · · · · · · · · · · · · · · · · · · ·	ER E	11/8	92 664, 124 154 154 154 154 154 154 154 154 154 15	<b>答答にな答ぶ</b> 必要を発展します。	Babcock Intil #Boanbury Gr #Dambury Gr #Forwell Gr #Forwell Gr #Forwell Gr #Laveraged Op #Rurray Ende #Rurray Ende #Rurray Ende #Polar Elect Presidio Gil Presidio Gil	r Sec. Grp. 59 Group 10p et. 10p esp 10p .	899 6515 148 915 548 148 158 158 158 158 158 158 158 158 158 15	-1 -1 -3 -1 -10 -7-2 -32	12.81 15.22 15.26 15.13 11.18	19 17 19 20 47 39 28 21 27	43 46 16 16 16 16 16 16 16 16 16 16 16 16 16	16.6 19.5 11.11 18.8 17.2 15.2 15.2 15.2 15.2 15.2 15.2 15.2 15
	-		FI	XED	INTE	REST S	TOC	KS	3			_
issue Price £	P	ouest add	Latest Renusc Date	High	1989 Low		Stack			8	nice £	+8=
1909 1009 1009 1009 1009 1009 1009 1009		P. P. III P.	28/7 	10% 2000 1139 2000 1179 103 1070 103 105 103 105 105 1219	106e 102p 102p 102p 103p 103p 100 98b 751-2 991 101-2 107-p 100 1p	British Aeruspa Caristo Consus, ECarton Beach Gartsnore Am. S Hartwell 74 pp 0 Lowesgel Oppo Lowesgel Oppo London Ses. Bi Marray Ent. Zes Matternative Am. Date: A Robisso Date: A Robisso Marray Ent. Zes Matternative Am. Matternative Am. Mattern	oe 7.75p (Net 6.5p (Net 7.5p(Net) Net Cr. R Net Cr. R Oc Cr. United in 81ape (Net Net Pf. 16 Net Pf. 16	Oliet) C Cor. PH Div PH f. 51 Pf t Cv Us t C	994 13,879 13,879		650 100 100 100 100 100 100 100 100 100 1	के देवक न निर्मा
	_			R	IGHT	OFFE	RS					<b>—</b>

RISES AND FALLS YESTERDAY

	100s 100s 100s 100s 100p 100p + 100s 4100 4100s 4100s	FREE FREE FREE FREE FREE FREE FREE FREE	28/7 	2000 504p 104p 117p 163 107p 774 100 1054 138p 121p	9915 9915 980 10112	actives beach / System 12. PF 59 Service / Res. Zeen Die PF 59 Service / Tap Dileo / C. Pf . E1 Institute / Tap Dileo / C. Pf . E1 Levezaged Opportunity 1st Co Bes Ls London Sees. Play Co. Rd. Pf . Pf	5049 969 1159 1009 751 1009 1011 1011 1189	-1 +1
				R	GHT	offers		
Ì	issue Price	Amount, Paid 98	Latest Resum: Date	19 High	i69	Stock	Closing Price D	+ or
	365 120 265 125 125 125 125 125 125 125 125 125 12	100 100 100 100 100 100 100 100 100 100	13/9 8/9 15/9	95pm 10pm 12 35pm 11-pm 21pm 15pm 15pm 16pm 22pm 52pm 11pm	58pm 5pm 712 18pm 151 28pm 151 28pm 11pm 201 <sub>2</sub> pm 37pm 4pm	NIM Group 109 Setza Melge, Sear Brand Secritor Prop. Cappan UI 109 Country Techniques 109 Egertor Trast Laird Group Mestor-Strast Mestor-Strast Geschin Houses 50 Reshinson (Houses 50 Reshinson (House 50	58pm 59m 84 31pm 21pm 21pm 152 29pm 56pm 22pm 56pm 22pm 50pm 4pm	44 44 64
	Foresist, or Prospectase 1990-911 on Prospect estimates for official esti-	on divident estimated or other off stimated the or other off or other off stimated the or other or 1989-9 or stimates. W	d on full ca annualised izal estima annualised er efficial ). Q Gress Pro Fornes arice tt li	gital.g Am dividend r des for 190 dividend r estimates R Foresas i figures V elosrobes	examed Giviti gate, exaver in 39. K Divido exaver and pro- four 1988. It passed by to loca + instant	exhibition of Divident rate paid or populate inoid and yheld. Divident and yheld or bend and yheld bayed on grespecture or other or extend yheld based on grospecture or other or to based on basets anexade caminog. All United to Divident and yheld based on prespectual of divident cover and yield based on prespectual divident cover and yield based on prespectual caminos of present of the present of enter-All United to backers of ordinary shall di a connection with representation me at Lookon listing	special paying and pleid to filical estimates and pleid to filical estimates or other correspectus or mes as a "ribrater or talk	ment. u ased on ates for 6 based official official of other gats ". t
{		-	7	RAD	ITION	IAL OPTIONS		
4	<b>A</b> E	. BII			Aug 21	Calle in Ferrenti	Walles	

-		TRA	DITION	AL OPTIONS
e e For	Last Last For s	Dealings Dealings Declarations settlement indications set	Aug 21 Sep 8 Nov 23 Dec 45	Calis in Ferranti, Wellcome, Rolls-Royce, Tullow, Yale & Vaior, Dunton, Premier, Far East Res, Conroy Pet, Parkfield, Bod- yshop, Boots, Williams (Rex), Ailled Colloids, Wm Low. Puts Eurotunnel Warrats

#### **LONDON TRADED OPTIONS**

TRADING DRIFTED into trading and dealers blamed the hands, compared with 584 options perated dealer said it was the quietest day of the year. A dismal total of 18,136 contacts changed hands, around half the typical daily average.

Much of the turnover was in

short-term options, because of the lack of liquidity on contracts due to expire next year.

The excitement in the underlying market among pharmaceuti-cals stocks - generated by a \$750m bid by a Japanese com-pany for an American one, and the spillover from Friday's good news on the effectiveness of Well-

come's anti-Aids drug - found

the top eight in the last hours of

parallel among traded

Several big names jostled for position at the top of the day's fist of actives. The eventual winner was Asda, which clocked up a meagre 857 contracts traded, 746 of them calls. The busiest individual series was November 200 cails, where 238 contracts changed hands. British Gas, which had led ear-

lier in the day, came in second with 764 contracts traded, of which 564 were calls. December 200 calls were popular, with 255 contracts changing hands.

Dixon's was notable in that the volume turned over in traded options was more than double that in the underlying equity. Less that 250,000 shares changed

British Telecom February 260 and May 260 put options were trade suggesting a calendar spread had been set up. Some 661 telecom options were traded altogether, all but 37 of them puts. Interest in FTSE contracts was only marginally stimulated by the issue, from Mitsubishi Finance

Exactly the same number of

International, of £50m worth of two-year at-the-money put stions. The strike price was set at 2,378.4, the value of the index at 3om. Observers said that most, if not all, of the hedging for the issue had been done in advance. A total of 5,931 FTSE options were traded, of which 2,429 calls and 3,502 were puts.

Option			مدار	- New	탪	سد	Apr	op:see		श्र	,00	4	ua	<b>J</b>	APP	Upon Car		26	1967	120	946		
Alki Lyons (*544.)	500 550	62 28	78 46	95 63	7½ 28	17 36	20 39	Storchouse (*137 )	130 140	14 7	19 13	23 17	5	7	9	Abbey Nat. (*149 )	140 160	12 2	512	20 8½	11	25 11	3 12
Brit, Almay	: 180	22	27	35	2		7	Trafalger	377	53	60	_	4	5	_	ASDA 647. (*198.)	180 200	22 9	30	35 22	3	5 12	.7 13
(197)	200 220	10 35	ĬŞ	22 14	Ē	12	16 26	(*419 )	390 420	72	29	59 42	16	23	16 27	Optice		Sep	iten		Sep	Her	
Brit. Com	160	33	40	43	2	9	n	Ital Sian ka	240	_			.,			Gateway (*239.)	220 240	13		Ξ	ī	ņ	=
(*184 )	180 200	17	26 15	32 22	10 22	16 27	18 28 _	Utd.Biscrits (*395.)	360 390	49 30	58 42	70 51	6 <u>1</u> 5	11 23	14 25	Option		Sep	Dec	War	Sep	Dec.	Mar
Smitht Boton (*583 )	50 50	60	77	88	- <u>6</u>	12	20	Usiliper	420 550	15 113	25 125	37 	34 14	39 4	41	Anstrad (*72 )	70 80	8½ 4½	12½ 8½	17 12	4 10	6 14	8 15
Boets	600 280	20 28	38 34	58 44	30 4	35 8	40 11	(*651.)	600 650	45 28	48 48	98 64	22	10 28	16 32	Barclays (*526.)	500 550	35 8	58 27	74 43	5 32	12 35	17 40
(*297 }	300 330	14 41 <sub>2</sub>	23 11	18 22	36 36	14 36	1B 36	(°331 )	300 330 340	42 22 8	56 36 21	42 42 29	14 12	7 18 34	10 22 36	Blue Circle (*267 )	250 275	22 B	32	40 26	5 16	9 20	11 23
8.P. (*294 )	290 300	21	29 17	34 22	10 <u>7</u>	6½ 15 38	18 18			٠	-	•	_	•	_	British Gas	180	_			ī	14	3
British Steel	330 70	2 1134	6 154	11 175	37 14	34.	39 41 <sub>2</sub>	Option	450	Ner	Feb	Hey	_	Feb		(210)	200 220	212	37 21 ½ 9	25½ 13½	2ŭ 13	14	7½ 15
(*77 ) Bess	2000 2000	4½ 155	91. 175	11년 203	64 4	7½ 13	8½ 18	Brit. Aero (*703 )	650 700 750	77 45 24	106 75 51	85 63	12 36 63	22 42 70	49 75	Dixons (*166.)	150 180	12 4½	23 12	27 18	6 19	11 20	19 23
unn	1050 1100	떚	翼	166	3	24 42	至 50	BAA	330	40	50	_	5	11	-		450	116		200	10	25	40
	500	_			_	_		(*353 )	360 390	21 8	30 17	47 28	17 39	22 40	24 43	(°1540)	500 550	74 42	113	145 135	17 37	44	57 77
C & Wire (*575 )	550 550	33 25 25	110 74 50	130 98 70	20 43	13 27 50	20 35 57	BAT Inds (°834 )	800 850 900	83 54 35	105 57	115 90 65	33 60 90	50 75 108	45 70 100	Hander Stdf. (*765.)	750 800	38 9	63 37	89 60	14 42	28 54	34 60
Cons. Gold (*1480)	1400 1450	95 50	- 50	-	2	3 13	Ξ	8TR (*478 )	420 460	70	85 57	93 65	.5 17	10	12 27	Hillsdown	280 300	36 19		54 41	2 8	.7 12	9
Courtausids	1500 330	61	10 69	- 79	35 21 <sub>2</sub>	38	-		500	39 18	37	47	37	40	45	(°311 ) Lourbo	283	24		-41	6	10	-
C362)	360 390	35 15	45 24	56 38	17	11 22	12 24	Brit. Telezon (*262.)	240 250 280	又 15½ 7%	포 22 11년	43 30 195	7 19	4 10½ 21	5 115 23	(*297 )	300	-	-	28	-	-	24
Cost. Union (*4),7 )	360 390	63 39	78 54 34	63	1½ 5	5	13	Cadbury Sch	390			67	14	19	23	Midlard Bt (*375 )	360 390	8	38 24	48	24	12 25	18 -
	420	17	34	43	17	20	25	(1906)	420	41 24	58 42	50	30	34	37	R. Royce (*185 )	180 200	발	17 9	23½ 14½	4 18	8 19	10 21
6.K.N. (*469 )	420 460	62 31	79 49	86 59	3 12	8 19	11 25	Galanets (°591.)	550 600	63 33	81 50	91 60	10 30½	14 35	19 41	Sears (*130.)	120 130	1212	16½ 10	21 134	2 4b	4 8	6 95
Grand Met. (*535 )	600 650	58 27	83 50	% %	12 33	16 35	25 42	GEC (*276 J	250 280	28 15	36 22	43	5	8 15	8½ 17 28	1227	140	12	5	134 9	41 <sub>2</sub> 12	14	91 <u>.</u> 15
LCI.	3250	90	137	157	18	30	42	1201	300	62	13	20	χ, ΈΠ	ž	28	THF (°339 )	300 330	44 19		59 38	2 8½	5½ 14	6 18
(*1297)	1300 1350	57 33	蝎	썙	37 65	50 74	42 60 85	Hanson	220	23	24 131 <sub>2</sub>	31 20	3½ 11	7	.8	Thom EMJ	360 800	7 42	16 70	24 92	25 14	30 25	35 30
				70	-	••	•	(*232 ) LASMO	240 500	40	62	ZU 75	20	15½ 27	16 29	(4824.)	850	16	42	64	38	49	54
Jagear (*405.)	390 420 460	33 19 9	51 35 21	64 47	15 35	19 34 62	30 42	(*507 )	550	18	37	48	53	57	60	128 (115)	100 116 120	15 41 <sub>2</sub> 2	18 10 5	21 12 65	I 3 10	2년 4 10	3 55 11
	700	7	4	_	œ	04	-	P. & O. (*692 )	650 700	65 39	90 62	95 70	17 42	27 47	35 57	Vaal Reefs	70	14	17	18	14	312	5
Kingfisher (*339 )	330 360	24 10	35 21	48 33	11 28	15 30	20 32	Pilkington (*260 )	240 260	32 17	40	47 34	5 12	.7 15	9 17	(~579 ) Welicome	80 650	6 110	•	10 160	4 13	30	9 45
Lathroke		_				_			280	10	26 17	24	ž	25	<b>27</b>	(*737 )	700	70		128	25	43	53
(*329 )	300 325	37 19	46 29	55	35 11	7 15	10 330	Plessey (*256 )	240 260 280	30 12	32 14	16	1	1½ 35	5	2050 2	FT-5 100 2	SE DI 1250	NEX (	-238. 2250	2 2300 :	2350	2400
Land Secur	550	58	75	93	5	10	13	Predestial	280 180	3 34	40	5 42	15 2	15 3½	15 5	CALLS				134	86	Q	14
(*529 )	600	ã	42	60	22	28	32	(*210 )	200 220	19	25 10	27 14	7 16	8 18	10 20	Sep 340 2	92 3	243	195	149	107 129	71	42 64
M&S	200	26	33	39	312	6	В		_	•				-	~	Nov — 3		272		190	150 : 270	117	83 208
(*218)	220	10	19	*	ī	12	13	Racal (*2 <u>1</u> 9 )	195 210	34 23	32	40	4½ 9	12	15	PUTS	_	_					
STC (*363 )	330 360	46 25 12	63 40	49	.4	9 19	_ 24	RT.Z.	230 550	12	21	29 10	19	22	25 32	Aug ½ Sep 2:	lig I	2 5½ 11	8	ıš	5½ 22	36	40 60
	390		22	34	14 34	36	39	(*554 )	600	14	27	37	55	55	60	Oct 5½ Nov –	12	15	15 21	23 30	31 41	47 58	70 80
Sainsbury (*288 )	250 300	20 7	29 17	37 24	6 17	10 20	13 21	Scot. & New (*409 )	390 420	48 32	42 42	75 58	31 18	25 37	30 43	Awarst 21 Total	41 1 Cor	-	63 s 18,1	- 26	88	÷	128
Shell Trans. (*436 )	990 420	50 25	63 39	72 50	5 10	15	16 20	Tesco (*214 )	200 220	22 121	30 18	34 21	5 13	7 14	8 15	Calls 12,435 FT-SE Index C	bets 5 alls 2	691 429	Pols 3	502			
	460	25 7	18	촳	35	15 36	38 38		_	_		_	_			"Linderlying ses	urity	grice	. tl	opg d	संस्र्व ह	cpiry	orths

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venture

Hungarian

group, and one of the coun-

try's state-owned manufactur-

ing enterprises. Under the terms of the

agreement signed yesterday in Budapest, Telfos has taken a 51 per cent stake in Ganz-Hun-siet, which has taken over all

siet, which has taken over all the activities and some of the assets of Ganz Railway Engi-neering, the country's national manufacturer of railway loco-motives and rolling stock. This is believed to be the first time a master common

first time a western company has taken a majority stake in a Hungarian company. The deal has grown out of

increased western interest in the country as a home for investment through joint ven-

The former owners, consist-

# BAT signals its hostility in counter-attack

Nikki Tait scrutinises the various planks in the conglomerate's defence platform

THE CONTRAST was marked. Three weeks ago Sir James Goldsmith presented the Hoylake case with the air of a flamboyant and slightly mischievous university lecturer, whereas Mr Patrick Sheehy's delivery on the defence side yesterday was a model of conventional

respectability.
Only the strains of "Money, money, money" playing while early arrivals perused the defence document, followed by some reworded Beatles music as BAT's chairman approached the lectern, added a slightly unorthodox touch to the pro-

ceedings.
The defence document itself, however, does bear some paral-lels in structure to Hoylake's offer document.
It starts with Mr Sheehy's

letter to shareholders, explaining BAT's objectives. It then passes on to the overall record of the group, essentially count-ering Hoylake's attack on the group's rating by stressing the return which shareholders have enjoyed.

Next, à la Hoylake, it looks at the four arms of the business separately, offering a stout defence of the performance in these sectors and some words on their future

Finally, just for good measure, it delivers a five-page attack on the Hoylake offer itself, concluding that BAT shareholders would "take a big risk", while the Hoylake con-sortium is set to "take a big

The main thrust of Mr Sheehy's initial letter is that BAT set itself a strategy in the early-1980s of, first, providing shareholders with above-average dividend increases and, secondly, of giving them a growth investment.

Both aims, says Mr Sheehy, have been met. Dividends per share have increased at an overall rate of nearly 20 per cent a year since 1980, while the total rate of return from the end of 1980 to June 7 1989 (the day before Hoylake started buying shares) has been 38 per

achieve this by investment in businesses with growth potential, market leadership (or the by Industrial Activity potential to achieve it), and above average return on assets, and in areas where "we could use our expertise to the full". In passing, Mr Sheehy does note the "valuation" problem which has beset BAT. "We have, of course, been con-cerned for some time about the

value of your shares on the

stockmarket compared with

the underlying value of the businesses," he writes. "We have never taken a short-term view of the group, but we appreciate that plan-ning for the future remains a problem while this gap in value remains. We have, for some time, been considering ways in which this gap can be eliminated: clearly this task is now more urgent."

However, he then speeds on to attack the current Hoylake

offer, saying it "is designed to do nothing more than break up a successful company for the personal gain of a group of extremely wealthy people".

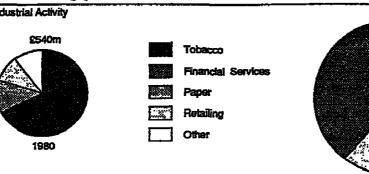
The shareholder returns: this point is elaborated by taking — assuming gross dividend — RATE dends are reinvested - BAT's total return figure between end-1980 and June 7 1989 and comparing it with the top 10 UK companies by market capi-

BAT comes out in first place,

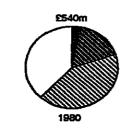
followed by Hanson and BTR
- a set of figures already released by the group in the run-up to the document itself. Turning this into more accessible language, BAT points out that £100 would have grown to £1,547 over the same period.

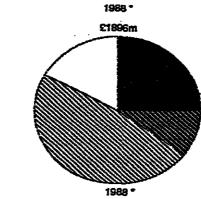
It goes on to illustrate the share performance relative to the FT-A All Share Index, but unlike Hoylake – takes a 1980 starting date. It also points to a geographic repositioning of profits - with the UK/Europe/US now accounting for 84 per cent compared with 64 per cent in 1980. And it says that industrial repositioning has reduced tobacco to only 40

per cent of the total. It also produces its own pre-tax profits graph – again Mr Sheehy maintains that pushing the starting date back the strategy has been to 1980. This is in sharp con-



by Geographical Area





trast to Hoylake, which achieved a rather different picture by picking 1983 as a starting date and excluding the most recently-acquired finan-

cial services area.

The four businesses: on the tobacco side, BAT says that its market share in the US has now stabilised, and that it has taken advantage of the opening of Far Eastern markets. It maintains that, during the 1980s, it has been among the most innovative of the major manufacturers and adds that over £1.1bn has been invested in capital equipment since

In financial services, BAT claims that Eagle Star's growth rate in general insurance pre-miums has doubled to 18 per cent per annum, while the growth in life premiums has reached a similar figure. It claims that there has been increased investment in people, as well as new information

systems installed. At Allied Dunbar, BAT points to the expansion of the sales force from 3,000 to 5,300.

On the retailing side, much is made of the Argos record over the past eight years. However, BAT also claims credit for the investment made in Saks Fifth Avenue and the benefits of reorganisation at Marshall Field's.

Finally, in its pulp and paper operations, BAT claims that its

companies have generated compound growth in trading profits of 17 per cent per annum since 1980.

For the future, BAT says there are still "great opportunities" in the Far East and Europe on the tobacco side:

Europe on the tobacco side: possibilities for distribution improvements through linkups with other financial institutions on the insurance front,

• Turning the attack on Hoy-

lake, BAT points out that the

hidder's loan notes, part of its all-paper consideration, are

unquoted and "particularly

unsuitable for private investors as they could find it extremely difficult to realise their holdings".

It says that the proposed agreement with the Hoylake minority — essentially the Goldsmith consortium — would make it "very difficult for Anglo [in which BAT shareholders would have the majority of the shares] to change the board of Hoylake, most of who are representatives of Goldsmith. [It is Hoylake which would end up owning 100 per cent of BAT].

"The notion that existing BAT shareholders would con-

BAT shareholders would con-trol Anglo and thereby con-tinue to control BAT is a myth. The truth is that Goldsmith and his friends would effec-tively have complete control over BAT," says the document.

# **Priest Marians** warns of loss in second half

By Paul Cheeseright, Property Correspondent

PRIEST MARIANS Holdings, the property company, will Priest Marians having to find report a pre-tax loss in its sec-ond haif and will not pay a dividend for the 1988-89 financial year.

The company has run into cashflow problems caused mainly by an aggressive acquisitions policy which has led to what has now become expensive borrowing. But the underlying health of the company does not appear to be in does not appear to be in

Disclosure of the problems led the share price, recently buoyed by bid speculation, to close at 505p, down 30p on the day. At one stage it had been

The price, however, is still influenced by the possibility that Mr Simon Fussell, ousted as chairman at the beginning of the month, might sell his 24.8 per cent stake to a poten-tial predator. He has made no decision and Mr Daniel Auer-bach, the new chairman, wants Mr Fussell to allow the new board to help with the place-ment of the stake among insti-

Priest Marians is in difficulty because of three factors, all connected with the £111m takeover earlier this year of Local London Group, another property company best known for its business centres.

The calculation of Local London's debt from published sources was underestimated by £10m and the provision for tax payments relating to the sale of Local London properties was

MEAT TRADE Suppliers, the

troubled sausage casing com-pany which is currently facing

a battle for control, has post-

poned a vote on whether to

accept a recommended reverse takeover by Alpha Gamma, a property developer. At yesterday's EGM, share-

Under the terms of the offer.

By John Ridding

MTS postpones vote

on Alpha takeover

for Telfos By Ray Bashford THE SPIRIT of economic liberalism which is growing in Hungary has fostered a joint venture between Telfos, the engineering and investment Priest Marians having to find

an unexpected f2lm Finally as part of the rear-rangement of its borrowing to buy Local London, Priest Marians arranged a £72m loan facil-ity with Samuel Montagu and Sumitomo Bank, repayable in four tranches, three of £20m and one of £12m, at six monthly intervals over two

years.
It was obtained at 25 per-It was obtained at 2.5 per-centage points above the one month London interbank offered rate. When the commit-ment was made last February one month Libor was 12.9 per cent. Now it is 13.875 per cent and Priest is paying interest at more than 16 per cent to finance an acquisition which many analysis, at the time, thought was expensive. The plan was to sell Local

London properties, pay back the loan facility and be left with a profit.

Although the first tranche of loan repayment has been made and provision has been made for the repayment of a second tranche next February, the

tranche next repruary, the higher costs have been cutting into cashflow, aggravating the situation made difficult because of the Local London takeover miscalculations.

The value of the property Priest Marians holds has increased and the commany is increased and the company is sitting on a revaluation sur-plus. But this cannot be dis-tributed, so shareholders will have to foresake their 1988-89 dividend.

terms of the proposed transac-tion in favour of MTS."

ers' supplier, and Mr Stepher

Wingate, a UK property devel-oper, now holds an option over 24.45 per cent of MTS shares.

backing of Mr William Anstis

the former chairman of MTS

who was ousted by his

daughter, the current

So far, no proposal has been forthcoming from

around 36 per cent. Ward White directors con-

tinue to reject the Boots offer.

but their hopes of a successful defence dwindled after they

were forced to abandon plans for a rival leveraged buy-out

Twigrealm.

It is believed to have the

The adjournment also seems

ing of several state-owned institutions, have contributed the business of Ganz and a "considerable" part of its assets in exchange for the remaining 49 per cent Telfos will contribute a package valued at £12m, comprising a cash injection of £2m, management expertise from its existing railway man-ufacturing activities in the UK, the transfer of modern technology and manufacturing processes, marketing and access to UK and Western mar-

kets. The investment is also seen as staging post for expansion into the markets of other eastern bloc countries with the Soviet Union being of most

There are plans to reorganise Ganz to boost efficiency and increase competitiveness within world markets.

# **Boustead shares** suggested the proposed adjournment because "it had become apparent that certain shareholders . . had indicated that they would prefer to see an improvement in the rise as 21.7%

hands By Clare Pearson

stake changes

intended to force a rival com-pany to show its hand. Twi-grealm, headed by Mr Freddy. Hirsch, a South African butch-MORE THAN 20 per cent of the shares in Boustead, the international and industrial trading group, have changed hands.

The new holders are HTP Holdings, with 8m shares, and Jack Chia, with 6.2m.

Both are controlled by Jack Chia Holdings (Hong Kong), a property and hotels group. The 11.7 per cent stake was bought from IHD Holdings, which is controlled by Mr

Ch'ng Poh, a Boustead direc-Boustead's shares yesterday rose 4p to 70p. This matched the level at which, according to a news

service report, the shares changed hands. Boustead directors could not be contacted yesterday.

According to Schroders, the company's financial adviser, a meeting was to be held in London with Mr Jack Chia later

this month. According to the news report from Singapore, the two new holders said the purchase was intended as a long-term

This strategy was determined by the compatibility between the activities of Boustead and those of the Jack

The report also said the Jack Chia group would seek repre-sentation on Boustead's board. sentation on Boustead's board.

New management headed by
Mr Michael Noakes, introduced at Boustead two years
ago, is credited with revitalising the group.

In 1988, it made pre-tax
profits of £3.88m (£2.02m) on
turnover of £64.38m (£2.02m).
Last year the holding in its
Singapore subsidiary was

Singapore subsidiary was increased from 55 to 64 per

# First-half 20% rise to £811m exceeds all City expectations

By Ray Bashford

tobacco-based multinational, has exceeded City forecasts with a 20 per cent increase in mouths made a £40m contribu-pre-tax profits from £677m to to the pre-tax result £811m for the six months to June 30. Mr Patrick Sheehy yesterday

brought forward the announcement of the results to make them part of the company's defence against the Hoylake takeover bid. "Given the criticisms levelled at our diversification sta-

tegy in the recent unwelcome Hoylake offer, these results demonstrate as powerful a justification of that strategy as any words from me," Mr Sheehy said. City analysts, who had pre-

pared their forecasts since the bid was unveiled last month, were expecting pre-tax profits of about £750m and yesterday were making higher revised forecasts for the full year. BAT shares moved against the general tone of the market to close 20p higher at 833p.
The pre-tax profit was returned on a 23 per cent

advance in turnover to £10bn. Earnings per share were 22 per cent higher at 32.07p. The company's four major

operating divisions - tobacco, financial services, retailing and paper - returned higher contributions to the group performance with financial services undergoing the most rapid

BAT, which generates 45 per cent of its sales in North Amer-ica, also benefited from favourable currency fluctuations. tion to the pre-tax result despite negative movements among some South American

interim dividend of 9.3p (7.6p) a share. This represents a modest increase for a company fac-

ing a takeover threat.
The tobacco division

of the half. Brown & Williamson, BAT's US tobacco subsidiary, made a reduced contribution to the group result following a fall in market share and heavy mar-

has been the focus for most of BAT's investment during the past decade, was the outstandgrowth in trading profits.

Mr Sheehy said that profits from the division advanced 80

currencies. Directors declared an

retained its leadership in terms of trading profits with a 12 per cent growth to £404m. The operations in the Far East and Africa helped offset problems in the US which were most acute in the first three months

keting expenditure earlier in

Financial services, which ing performer in terms of sheer

per cent from £221m to £398m while funds managed by subsidiaries at June 30 were £25bn. Farmers, the US insurance company acquired last year in a \$5.2bn contested takeover, made a maiden £132m contribution to trading profits. The chairman stressed that Farm-ers had not diluted the result at the pre-tax level and that it

BAT INDUSTRIES, the One analyst estimated that would enhance the group movements of the dollar result next year, in line with against sterling in the six forecasts. Trading profits from the

Eagle Star insurance subsidiary firmed 18 per cent to £179m while general business premiums were 11 per cent higher at £929m, following rises in personal and commer-cial lines. Allied Dunbar's total new

business was 6 per cent higher in the wake of a very strong advance in the first half of 1988. The group pushed £50m in the group's trading profit figure, up 22 per cent. The paper division, which has come under strong criti-cism since the Hoylake offer

for its weak performance in recent years, lifted trading profits a meagre 3 per cent to £114m in the six months. The Wiggins Teape subsidiary recorded an unspecified decline in trading profits as a

result of a squeeze on margins caused by excess capacity and higher pulp prices. Appleton Papers maintained its leadership in the US carbonless paper market and directors reported a "strong" increase in both turnover and

increase in both turnover and trading profit.

Retailing — carried out in the US principally through Saks Fifth Avenue and the Marshall Field's, in the UK through Argos and West Germany through Horten — raised profits 18 per cent to £30m.

Argos' turnover rose by 15 Argos' turnover rose by 15 per cent and trading profits reached a record level. See Lex

# **VG** Instruments recovers to £7.07m

By Ray Bashford

VG INSTRUMENTS, the scientific instrument maker which is 69 per cent controlled by BAT Industries, staged an earnings recovery during the six months to June 30 following a group reorganisation.
The company boosted pre-tax

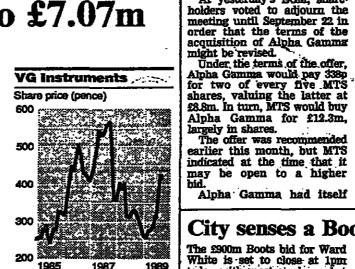
profits £987,000 to £7.07m as turnover increased to £68.3m (£55.9m). Earnings rose to 8.75p (7.5p) and the interim dividend increased to 2.2p (1.9p). Mr Bernard Eastwell, chairman, said that the improve-ment reflected the benefits

from changes in administra-

tion and management, particu-larly in the US and the UK, which were implemented in the wake of poor results last Returns from a strong international order book, which was built up in 1988, began to flow into the accounts while currency movements favoured the company, which derives about

four-fifths of its sales from overseas. Last year the company reported a 14 per cent decline in pre-tax profits to £19.97m despite a 30 per cent growth in turnover to £133.64m. This was due to the relative strength of sterling, especially against the dollar, and a shortfall in orders which left exposed overhead

Orders taken in the first six months totalled £75.3m (£51.1m). Of this £12.5m came from growth, the rest resulting from the consolidation of Kevex, the US company acquired in March last year for \$65m.



1987

#### COMMENT

The arrival of Hoylake's mammoth bid for BAT has thrown VG's future into considerable doubt. If Hoylake wins, it would rank as one of the first companies to be 'unbundled'. If BAT remains independent, a more critical investment policy would follow and VG Instru-ments, where BAT does not even have board representa-tion, could be seen as non-core and therefore expendable. The company is seen as the most attractive of the four international instrument groups up for sale on the international market at the moment and several overseas groups could be likely buyers. During the coming months of uncertainty VG lastruments seems certain to continue the recovery phase and return to the pre-profits level of about £23m

#### City senses a Boots victory purchase the group's convertible preference shares, increas-The £900m Boots bid for Ward White is set to close at 1pm ing its stake yesterday to

today with most stock market observers expecting a Boots victory, writes Philip Coggan. Ward White's shares closed yesterday at 444p, Ip below the

Alpha Gamma had itself

Roots offer Boots has acquired 29.9 per cent of Ward White's ordinary shares and has continued to

**DIVIDENDS ANNOUNCED** Corres -Total Total for year iast year ponding dividend 1.375 9.3± 3.5† 3.6 1.9 1.2 Oct 5 10 Jan 1 Oct 9 3.7 0.55 Richard Wgarth 4.65

Oct 6

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. 10n capital increased by rights and/or acquiation issues. \$USM stock. \$SUnquoted stock. \$Third market, \*Carries scrip option. - Irish currency.

# U.S. \$400,000,000

COMMONWEALTH BANK OF AUSTRALIA

**Undated Floating Rate Notes** Exchangeable into **Dated Floating Rate Notes** 

Interest Rate Interest Period 8.9975% per annum (LIBOR 8.9375% + 0.06%) 22nd August 1989

interest Amount due 22nd February 1990

22nd February 1990 per U.S.\$ 10,000 Note U.S.\$ 459.87

Credit Suisse First Boston Limited

per U.S. \$250,000 Note U.S. \$11,496.81

#### U.S. \$150,000,000

#### Chemical **New York Corporation**

Floating Rate Subordinated Notes Due 1996

Period

Interest Amount per

6th September 1989

U.S. \$10,000 Note due

27th May 1989 26th August 1989 (inclusive)

U.S. \$231.81

Credit Suisse First Boston Limited Agent Bank

# **Bertam Holdings PLC**

Extracts from the Annual Statement by Mr. E. Hadsley-Chaplin FCIS, Chairman and Managing Director, on the year ended 31st December, 1988.

\* 1988 was the most successful year in the group's history with record profits, dividends and earnings. \* Operating profit increased to £743,000 (1987 -- £217,000).

investment income, interest etc. added a further £788,000 (1987 — £493,000) and £1,008,000 arose from investment and exchange gains (mostly relating to the disposal of Colly Farms Cotton Limited), resulting in record pre-tax profits of £2.54m (1987—£0.73m).

\* Dividend increased to 2p plus 1p per share special dividend (1987 — 1.2p); earnings per share up to 8.84p (1987 — 2.12p). \* Traditional estate operations enjoyed high rubber prices throughout 1988 and the oil palm fresh fruit bunches crop was 50% higher than 1987.

\* Crops for first six months of 1989 have been somewhat lower but our target of 17,000 tonnes of oil palm fresh fruit bunches

\* I am reasonably confident that we should produce acceptable figures for 1989 and we are well placed to increase our investments in Malaysia, Australia or elsewhere.

#### Kommunlåneinstitutet Aktiebolag

UA 8,500,000 9 1/2 % Bonds 1980-1990

On August 4, 1989, Bonds for the amount of UA 850,000 have been drawn in the presence of a Notary Public for redemption on September 25, 1989. The following Bonds will be redeemable coupon due September 25, 1990 5719 to 6204 incl. 6235 to 6248 incl. 6252 to 6601 incl.

Amount outstanding: UA 850,000 Bonds previously drawn and not yet presented for redemption: 4286 to 4289 incl. 4533 4340 to 4382 incl. 4626 to 4629 incl. 4375 4651 to 4871 incl. 4377 4712 to 4721 incl. 4405 to 4414 incl. 4763 4428 4768 to 4781 incl. 337 to 340 incl. 1849 to 1865 incl. 2098 to 2100 incl. 2274 2279 and 2280 2607 to 2611 incl. 2721 and 2722 4428 4432 and 4433 4464 to 4468 incl. 4487 and 4488 4495 to 4499 incl. 4507 to 4599 incl. 4516 and 4517 4526 and 4527 4768 to 4781 incl. 4816 to 4835 incl. 4877 and 4878 2804 2928 and 2929 4107 4112 4272 4275 and 4276



S.A. LUXEMBOURGEOISE

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entare

or Telfos

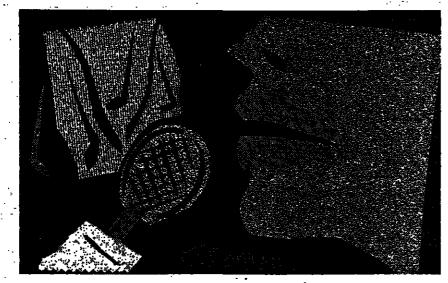
House adde



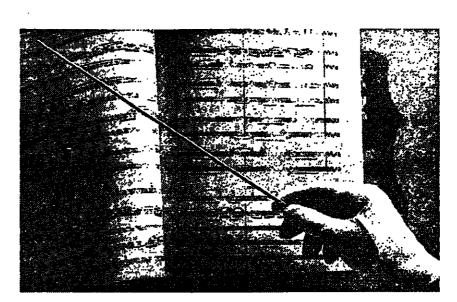
Nick Skelton winning Hickstead for the 3rd year running. "Some of the best show jumping ever" THE INDEPENDENT



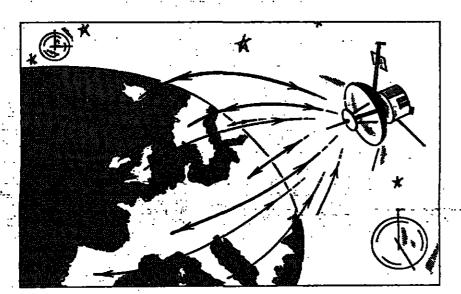
"The star performer was the WH Smith high-street chain" FINANCIAL TIMES



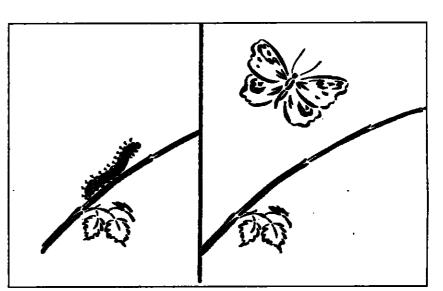
"Our Price has been roaring ahead" THE INDEPENDENT



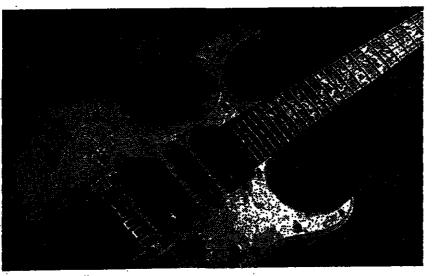
Simon Rattle. Conductor, City of Birmingham Symphony Orchestra. "One of the greatest young conductors in the world" THE OBSERVER



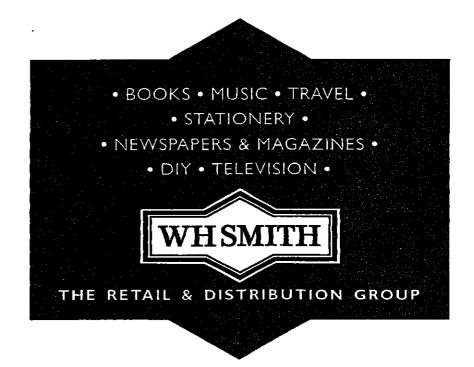
"Cable TV in Europe should be a Smith winner in the 1990s" TODAY



"Year of growth for WH Smith" THE INDEPENDENT



Pink Floyd. Docklands Concert. "Pink Floyd go from strength to strength" THE GUARDIAN



"Not only is WH Smith managing real volume growth — it is also getting the benefits of investment in technology" LEX FINANCIAL TIMES

What the experts said about the performance of some of the country's leading players.

New Issue

All these Bonds having been sold, this announce ment appears as a matter of record only.

# WestLB Finance Curação N.V.

Curação, Netherlands Antilles

SEK 300,000,000 111/8 % Bonds due 1994

guaranteed by

Westdeutsche Landesbank Girozentrale

WESTDEUTSCHE LANDESBANK GIROZENTRALE

SWEDBANK

BANK BRUSSEL LAMBERT N.V.

KREDIETBANK INTERNATIONAL

**BANQUE INTERNATIONALE** A LUXEMBOURG S.A.

**CREDIT SUISSE FIRST BOSTON** LIMITED

**DEUTSCHE BANK CAPITAL MARKETS LIMITED** 

**GENERALE BANK** 

SPAREKASSEN SDS

#### Banner Industries, Inc.

has acquired

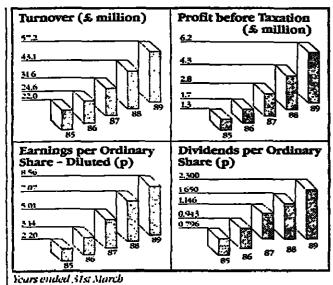
Fairchild Industries, Inc.

The undersigned acted as financial advisor to Banner Industries, Inc. in this transaction and served as Dealer Manager for its tender offer.

**Drexel Burnham Lambert** 

August 1989

# The Hampson Story



"We aim to make Hampson Industries a Group which people like to work for, investors find it rewarding to invest in, and proprietors of successful private companies want to join...only a tiny portion of the Hampson Story has yet been written."

John Wardle, Chairman

Copies of the Annual Report and Accounts can be obtained from the Secretary



West Bromwich, West Midlands B70 6PY

Engineering and Manufacturing: Industrial Cleaning, Maintenance and Allied Services

#### **PORTS & PORT** DEVELOPMENT

The Financial Times proposes to publish this

**29 SEPTEMBER 1989** 

For a full editorial synopsis and advertisement details, please contact;

JEREMY M BAULF on 01-873 4026 or write to him at:

Number One Southwark Bridge London

NOTICE FALCONTRUST FINANCIAL LIMITED old address: Rue Hago de Senger 7 current address: Rus de l'Athènée 19 chez LEU Frères SA

All creditors and debtors of the com-BARLO GROUP, the troubled Irish heating company, reported a downturn in profits from IE2.77m for the 15 months studing those with a fiducie at make themselves know ther 1, 1989 to: Office des Falkites Critica dea Fallities
7, piace de la Tacconnerie
1224 GENEVA
(Switzerland)
The first creditors meeting will be held
at the "Office des Pallities" on September 6, 1983, at 8.30 a.m.
Only logal publications made in Switzerland are valid. (£211,000) for the year ended March 31 1989, on turnover down from £24m to £28.7m.

Office des fallitus de Genève (Geneva Bankruptcy Office)

#### **New Zealand**

US\$ 500,000,000 Floating Rate Notes Due 1993

In accordance with the description of the Notes notice is hereby given that for the interest period from August 21,1989 to February 21,1990 the Notes will carry an interest rate of 8.688% p.a.

The interest payable on the relevant interest payment date. February 21,1990 against coupon n°7 will be US\$ 444.05 per US\$ 10,000 nominal and US\$4,440.53per US\$ 100,000 nominal.



#### UK COMPANY NEWS

# Painting a rosy independent future

Hugo Dixon considers Plessey's strategy in its defence document

HIS IS not a vote for the status quo, said Mr Stephen Walls, managing director of Plessey, as he launched the electronics com-pany's defence document in response to the £2bn hostila bid from the General Electric Company and Siemens of West

Germany.

The claim that there is something radically different about the 'new Plessey' is at the heart of the company's contention that it deserves to retain

its independence.

Mr Walls yesterday painted an exciting picture of Plessey's future if it could fight off the Anglo-German consortium. The company would continue its push into high growth areas such as computer and telecommunications services, evidenced by the acquisition last year of Hoskyns.

And it would use the technology it originally developed

for military purposes for new civilian markets. Mr Walls mentioned in-flight entertainment systems, automotive electronics and personal communications networks as examples.
"Some of the markets don't exist at the moment, which is real fun," he said.
He admitted that Plessey had

not been good at exploiting these opportunities in the past. But, there was "new manage-ment, new thinking and a determination to exploit these

Much of the defence document consists of elaborate arguments designed to show that the 270p-a-share offer undervalues Plessey. The com-pany uses three arguments to prove the point.

It compares 270p with the share prices of its major competitors — Ferranti, GEC and STC. If the same price-earnings ratios were used for Plessey as is implied in these valuations,

BID PREMIUM - Comparisons with other electronics majors GEC 14.6 Historicai earnings multiple ley share price it such tiples were applied to its 8/89 earnings 249.0 257.0 272.0

(0.7%)implied prices of the 270p bid Plessey shares would be between 249p and 272p. Thus there would be little or

no hid premium and the down-side for shareholders in rejecting the offer was limited. The fact that the price fell to 227p last month when it appeared that GEC/Siemens might pull out was dismissed by Plessey on the grounds that the cir-cumstances were ones of "considerable uncertainty and specnlation".

Plessey also argues that since its half-share in GPT, its telecoms joint venture with GEC, is worth £825m and its share of Hoskyns is worth £200m, the remaining parts of its business are being valued on a price-earnings ratio of only 12.5. This Plessey calls a

bid discount. The £825m figure for GPT is based on negotiations last month under which GEC would have bought the state. However, the fine print of the defence document reveals that Plessey would also have paid GEC £25m in return to settle claims arising from the forma-tion of the joint venture.

The valuation of the Hoskyns' stake is arrived at by taking its stock market value of £140m and adding in a control premium of £60m.

If the GPT stake had been valued at £800m and Hoskyns at £140m, the price-earnings

5.1% would be 13.6. Some would conwould be 13.b. Some wound that tend this was a fair multiple, given that GPT and Hoskyns are some of the most exciting businesses in the Pleasey group, but Mr Walls said: "There are a lot of juicy bits left behind."

Finally Plessey argues that the value of the offer has declined relative to the way other electronics companies share prices have moved since GEC/Siemens first launched their hid last November. If the original offer of 225p had gone in line with the FTSE 109 index, it would now be at 294p. The Angio-German consortations of the construction of the constr

tium's counter-argument is that Plessey's share price was 167p before bid speculation prior to the announcement of the original offer.

But, even if 270p does not involve much of a premium, the arguments are merely theoretical unless Plessey can

extract more. GEC/Siemens have said their offer is final and will not be increased under any circumstances. And, because of GEC's pre-emptive rights over the GPT joint venture, there is almost no chance of an alterna-

Mr Walls has given up the hope of white knights or other structural manoeuvres saving the company in the 2% weeks before the offer's first closing date. His strategy is to con-vince shareholders that Ples-

sey has a rosy future. Part of this is to stress that the company has changed. GEC/Siemens have contended that the new Plessey is fundamentally the same as the old

Plessey.

Another element is to argue that GEC/Siemens could, under that GEC/Siemens could, under takeover regulations, come back with a higher offer in twelve months' time or. if it was on an agreed basis, after

three months. three months.

Plessey's preferred solution

If it was able to ward off the
consortium — would be to
negotiate the sale of its halfshare in GPT. If the outlines of
share interesting were the previous negotiations were followed, this would also also include buying back GEC/Siemens' 30 per cent stake in Plessey at a price slightly higher than it was acquired.

And Mr Walls says Plessey

would be pro-active in restruct-uring the UK electronics indus-try further. "There are opportunities for restructuring that can create a strong second pillar in the UK electronics indus-

He points out that Thorn EMI and Racal Electronics are trying to sell their defence electronics interests as an indication that there is ferment in the industry. But he is coy about spelling out how Plessey would attempt to restructure it

in practice.

The only definite step Plessey has taken in this direction has been to acquire a 2.2 per cent stake in Ferranti. However, this move did not find favour in the City when it was revealed last week because any merger between the two companies would increase Plessey's dependence on shrinking ence markets.

It would seem the company has to reveal more enticing plans if it is to stand up its claim to be born again.

Thames TV

negotiating

\$100m buy

THAMES TELEVISION, the largest ITV contractor, has confirmed that it is holding

talks concerning the possible acquisition of Reeves Commu-

nications, the US television-production and distribution

By John Ridding

# Goldberg attacks Blacks record

ratio of Plessey's remaining businesses implied in the offer

By Nikki Tait

GOLDBERG, Glasgow-based fashion retailer which is facing an all-share bid from Blacks Leisure, has launched a fierce attack on the quality of its predator's paper and questioned its directors

retail experience.
Goldberg claimed that "Blacks' recent record reveals that it is a group devoid of growth characteristics, despite acquisitions". It points to pro-gressively declining profits in the last two six monthly peri-ods, and says that this is despite exceptional asset disposals and the contribution from West 8 Sports.

the Blacks' share price, which, it says, has "collapsed by 82 per cent" from its high in July 1987. It notes that the number of shares in issue has increased from 55.6m in October 1986, to 356.8m today. A shareholder in either Miss

food manufacturing group, is reorganising its fish interests

via the purchase of several businesses from Clearwater

Fine Foods, its Canadian sub-

is selling its stake in Clearwa-

ter to a group of investors, including the current manage-

ment. The aim is to allow Hills-

down to concentrate on second-

ary processing of fish, such as

to end-March 1988 to 19243,000

Net operating costs fell to \$27.48m (£31.06m), but the com-

At the same time, Hillisdown

By Philip Coggan

quoted companies acquired by Blacks – would have seen a £1,000 investment ahead of the change in ownership fall to £405 or £386 respectively, as a result of accepting and retaining Blacks shares, says the defending group.
Goldberg also points to the boardroom changes at Blacks, raising questions over the extent to which current direc-

tors are experienced in the fashion retailing business.
Goldberg goes on to point to
its own asset strength, saying
"Blacks needs your company's
assets and is offering you
shares of uncertain value in return". It says new product ranges are now arriving in stores, and that it plans to

open "in" stores - with a new retailing format — in London and Glasgow in October and November. It also promises a new credit launch pre-Christ-

Hillsdown reshuffles fish side

and from primary processing, such as filleting.

Hillsdown is buying Clear-

water's UK, European, US and

west coast Canadian busi-nesses, which constitute about

75 per cent of Clearwater's C\$530m (£287m) annual turn-

over. Clearwater will keep its

pany suffered an exceptional loss of £884,000 (£100,000).

This followed warnings that profitability had been adversely affected by the mild winter, difficulties encountered

commissioning new plant, and discovery of a major mechani-cal fault at its Clonnel factory.

Shareholders funds have

According to Mr Kevin

operations.

Sharp downturn at Barlo Group

coast Canadian

HILLSDOWN Holdings, the canning and recipe dishes, and food manufacturing group, is to move away from catching

mas, and says it has retained Richard Ellis, the surveyors, to Sam or Gee/Rosen - the two help in maximising the poten-tial of its two major sites. Blacks, however, hit back

with a further document to shareholders — again querying the extent of Goldberg's losses so far this year, and claiming that "Goldberg has offered no plausible solution only a series of excuses" for the current trading position it also argues that the asset position is being eroded by the continuing

Yesterday, Mr Simon Ben-tley, Black's chief executive, said that the company was that Goldberg would have had to quantify the losses if they were sufficiently material, and bid. There has been some speculation that Blacks might seek to pull out in the wake of Goldberg's profit warning.

O'Sullivan, Hillsdown finance

director, the two purchase prices effectively cancel each

In addition, Maple Leaf Mills,

Hillsdown's Canadian baking subsidiary, is merging its two quoted subsidiaries, Eastern

Bakeries and Corporate Foods. The merger is being effected by a C\$10m offer from Corporate

Foods for the minority stake in

now been increased to £13.7m

at the year end, mainly reflecting the additional share capital raised in September last year. Bank borrowings

Earnings per share came out at 0.42p (8.53p) and a final divi-dend of 0.125p is proposed, making 1.375p for the year,

Rastern Bakeries.

amounted to £3.9m.

other out.

company.

Thames declined to give further details, but analysts estimate that it would have to pay about \$100m (£63.7m) for the US company.

Buying Reeves would be in-line with Thames' strategy of diversifying within its core television businesses

This diversification is aimed at making it better prepared for the competitive allocation of UK franchises which will take place in 1991-1992.

Thames is particularly keen to gain access to the US, the world's largest television market, where the big three net-works – CBS, NBC and ABC – reported combined income of about \$9bn in 1988.

Thames already sells programmes to the US: its Jack the Ripper mini-series helped it to achieve sales of £7.3m

last year. However, it is difficult to win sales to the US networks and Jack the Ripper was the first series Thames has sold to one of the major companies. Buying Reeves would give Thames access to established links with the network compa-

Such an acquisition would also have defensive merits. Should Thames fail to retain its franchise under the new tendering system, production companies and facilities would provide alternative sources of

Thames' interest in Reeves follows the purchase last year of MTM, another US production company, by TVS, the south coast franchise holder. TVS paid about £190m, but its acquisition's performance has been disappointing so far.

#### Components limit Evans Halshaw growth By John Ridding

A DEPRESSION in the components distribution market limited Evans Halshaw, the Birmingham-based motor dealer, to pre-tax profits of \$4.2m for the six months to June 30, an increase of 15.5 per cent over the comparable

Earnings per share fell from 15.8p to 12.9p, reflecting last year's five-for-11 rights issue.

Mr Geoffrey Dale, chairman, said that Moprod-Supra, its after-market parts business "suffered a very difficult half year." He said that at the end of 1988, when Supra was acquired to complement Moprod, "the market place went into a serious short term downturn." This was initially caused by a depressed demand for winter products, because of

warm weather, and high inter-As a result, the group's cus-tomers destocked and profits from this division were about £1.3m below budget for the first half. Mr Dale said the longer term plans for the development of Moprod-Supra remained unaffected and integration plans

were being brought forward.

The motor division benefited from the strong demand for vehicles and from the acquisition of a number of dealers in the second half of last year. The division as a whole, which represents about 75 per cent of earnings, increased profits by about 40 per cent. Vehicle management ser-vices sew continued expansion

in both the contract hire and fleet management operations. Profits on the disposal of end of contract vehicles were described as "excellent." Mr Dale said vehicle markets were at record levels in volume

terms and despite some cau-tion regarding the broader eco-nomic situation "the positive fundamentals of transport requirements have outweighed any effects of high interest." During the six months, sales

£204,88m. There is an interim dividend of 3.6p (3p).

**COMMENT** The unfortunate timing of its

components expansion has taken the sparkle out of Evans Halshaw's glittering market reputation. But it was not alone in being caught off guard by the suddenness of the downturn and growth elsewhere remains impressive. The com-ponent markets are likely to remain tough for the rest of the year but the integration of Moprod and Supra should save costs of over film by the year end. Vehicle markets, however are likely to become more difficult as new car sales peak. Mr Dale rightly points out that the business is less cyclical than often perceived and that less than 20 per cent of group earnings derive from new car sales. Nonetheless, it will be difficult to maintain the 40 per cent growth rate achieved by the increased from £129.21m to motor division. Pre-tax profits

for the full year should reach £12m, placing the shares on a prospective multiple of 7. The higher rating which Evans deserves will probably have to wait until the trends in its markets become clearer,

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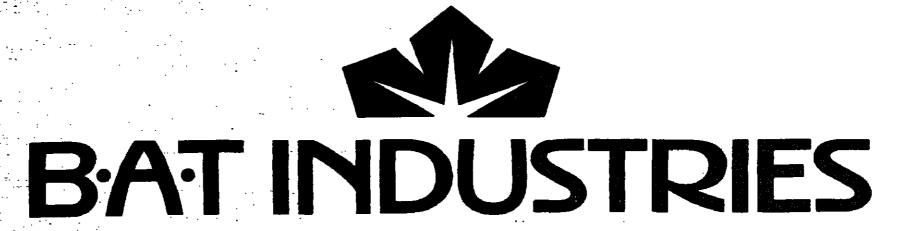
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# THE FIGURES SPEAK FOR THEMSELVES...

SIX MONTHS RESULTS		Sb	months to June		
£1 = \$1.55 at 30.6.89 (\$1.81 at 31.12.88)	1986	1987	1988	1989	Change 88-89
PROFIT BEFORE TAX	£554m	£642m	£677m	£811m	+20%
EARNINGS PER SHARE	22.27p	26.09p	26.74p	32.07p	+ <b>20</b> %
INTERIM DIVIDEND	5.50p	6.50p	7.60p	9.30p	+ <b>22</b> %

# ...SO DO THE FACTS.

- Rapidly growing financial services now cover 42% of first half Group trading profit of £959m.
- Tobacco packs £404m into trading profit in the six months, up 12%.
- Paper and pulp roll out £114m, 12% of the Group total trading profit. Thermal paper continues to show remarkably fast growth.
- Retail rings up £30m with store for store turnover growth at 8% in both US and UK.
- Coherent strategy pays dividends. Compound growth in dividends 19.8% per annum since 1980.



A circular which contains the full interim report is being posted to shareholders and copies are available from the Company Secretary, B.A.T Industries p.I.c., Windsor House, 50 Victoria Street, London SW1H ONL.

The Directors of B.A.T Industries p.L.c. (with the exception of Sir Mark Weinberg, who is also a director of J. Richschild Holdings p.L.c., one of the investors in Hoylake, and has publicly stated that he is taking no part in any discussion relating to the Hoylake offer), are the persons responsible for the information contained in this advertisement is in accordance with the facts and does not count anything likely to affect the import of such information. The Directors of B.A.T Industries p.L.c. (other than Sir Mark Weinberg) accept responsibility accordingly.

#### **UK COMPANY NEWS**

# Hunt for the right refinancing formula

Maggie Urry outlines MFI's difficulties and profiles the man trying to rectify them

N THE words of Mr Derek Hunt, the chairman of MFI Furniture, which last week agreed a refinancing plan: "If we had not been in such a highly leveraged situation we would have ridden this out. Management buy-outs are

By "this" he means the sharp downturn in the furni-ture market which followed the rise in mortgage rates and the fall in the house-moving

The manufacturer and retailer of mainly kitchen and bedroom furniture raised £718m in November 1987 to buy itself out from its then owner Asda, the food retailer, and to take over Hygena, its main

Of the total raised, £500m was borrowed money.
The "absolute killer," Mr Hunt says, was the prolonged hot weather this summer, which has kept potential shop-pers in their back gardens rather than in his stores.

The difference in this trade cycle, he says, is that people are not trading down to cheaper goods, but that they have simply stopped buying. The group cut its gross margin for three months in an unsuccessful attempt to revitalise sales, but now has restored it

to normal levels. The crunch came when the group realised it would have to raise money in order to meet an interest payment of £10m due last Wednesday. There were times during the long negotiations with banks and shareholders in the last couple of months when, admits Mr Hunt, "I thought things were

The deal with the group's 40 bankers and its shareholders, including Asda which still has

£35m rights issue and a £60m deferral of debt repayments. It was in effect done at 5am last Tuesday morning. The final negotiating session had begun 18 hours earlier.

The food had run out on Monday evening, Mr Hunt says, and the negotiators spent the night fortified only by tepid water and potato crisps. At 6am on Tuesday, they repaired to Smithfield market for a slap-up breakfast. For Mr Hunt, who is a large

man and who still played rugby as a prop forward until five years ago, the fare of bank-ers' sandwiches and apple juice over the last few weeks has helped him lose 2'/2 stone. And he has managed to stay away from smoking which he gave up 10 months ago, with the help of his finance director who had to wrest at least one

cigar from his fingers.

Mr Hunt joined MFI, originally Mullard Furniture Industries, in 1972. In his office hangs a photograph of one of the first stores, in Balham, south London. Home delivery of furniture from that shop, ollects Mr Hunt, meant that

Alf brought it round.

Alongside is a picture of the Flying Scotsman, the train which his father drove, and a blurred photograph of his father standing by his engine. Mr Hunt left school - Queen Elizabeth Grammar School in Darlington, Co Durham – at 16. He spent one week in a bank and seven years in the police ~ although he is so fed up with being described in the press as a "former bobby" that

he asks not to discuss it.

He joined British Home
Stores, and then moved to Fine Fare, the supermarket group then headed by Mr James Gul-



Derek Hunt: If we had not been in such a highly leveraged situation we would have ridden this out

liver, where he stayed seven years. Mr Gulliver is now chairman of Lowndes Queen-sway, another highly-indebted furniture retailer which announced a similar refunding

Mr Hunt is sure that MFT's trading strategy is right, and is thankful that last November the group took over Schreiber, a maker of more upmarket kitchen and bedroom furni-

If MFI had not bought Schreiber, it might have escaped the refinancing. But, says Mr Hunt, buying Schreiber was vital to the group's future and without it MFI would not now be able to introduce new Schreiber ranges to

He says that in the negotia-tions with the bankers it was paramount that the fabric of the business was not harmed.

Capital expenditure will be Capital expenditure will be 25m this year. Plans for store openings this year and next are going ahead. The group is being more selective about taking sites further ahead, but believes that retail property is likely to get cheaper in the

The City reaction has suggested that MFI won good terms from its bankers and shareholders, with no penalties inflicted and the interest margins unchanged.

No shareholder has refused to take up the rights issue, although some venture capital funds are unable to do so for technical reasons. And the 350 directors and managers involved in the buy-out, who between them own 3.75 per cent of the group's equity, are putting up a further £180,000 between them. Within that, each director is adding £20,000 to the £60,000 he invested origi-

problems take toll nally.

Mr Hunt is negotiating with shareholders and bankers to on Palma allow a further share option

PROBLEMS AT Clothkits, its retail clothing business, led the Palma Group into a loss of scheme for staff so that their interest in the company is not diluted. He has a reputation for £403,000 pre-tax in the first half of 1969, compared to a profit of £1.03m last time. The loss took account of being able to draw tremendous loyalty from his staff, and is proud of the fact that 700 of the staff have won a 10-year service award, although 10 years ago the group only had 25 stores and employed perhaps £921,000 profit on sale of prop-

erty development — part of more than £1.6m expected to be made on the sale of the development in Lewes. 1,500 people.

Much has been said about the "ratchet" under which the 350 managers could in excepdevelopment in Lewes.

Mr Peter Bailey, chairman, has taken personal charge of the Clothkits business. Looking forward, he was convinced this business would prove to be most satisfactory for the group.

Shareholders were warned in May that trading had been disappointing. Mr Bailey said Clothkits' spring range did not meet customers' expectations and sales were disappointing. tional circumstances have increased their stake in the company to 26.25 per cent. But Mr Hunt says that until lately he did not fully understand how the ratchet worked — and

he seems genuine.
Mr John Randall, finance director, recalls: "We did not go into the MBO with a view to making money. We thought MBOs were about driving around in Minis and getting paid £10,000 a year."

The ratchet has been modi-

fled to cover the period when the company is now likely to return to the stockmarket, as soon after spring 1991 as possi-ble. The 350 people involved could still get up to 10 per cent

of the company.

Despite all this, MFI expects to make an operating profit this year only £12m or so short of the £91.8m reported for the financial year ended April 1989, although it will be well short of the original buy-out target.

The group's accounts will be published later this month, and the chairman's statement.

and the chairman's statement has been extended to include details of the refinancing. They will look a bit odd, suggests Mr Randall, "a £91m profit and a

### **Acquisitive Tibbett** Clothkits' & Britten rises 41%

By Clare Pearson

TIBBETT & BRITTEN; the transport and distribution services group, is buying Low-field, a distribution concern serving the grocery sector, for a maximum consideration of £12.5m

The announcement came as T&B, which in March raised film via a one-for-four rights issue, announced pre-tax profits up 41 per cent to £3.8m (£2.7m) in the six months to July 1. That was scored on a 45 per cent rise in turnover to £4216m (£29m).

Earnings per share rose 29 per cent to 8.5p (6.8p) and the interim dividend is being stepped up to 2.4p (1.9p).

The acquisition of Lowfield, which will not be completed uptil the and Santambar to which will not be competed until the end of September, is expected to add some £25m to sales in 1990. It will reinforce the move by T&B, which has to date mainly transported non-food, textile and domestic products, into grocery distribu-

tion.
The Lowfield business consame period last year; in addition, poor trading did not cover total operational sists of seven contract operations. These break down into regional distribution centres for four of the major supermarket chains, and central warehouses for food manu-

> Initial consideration is £9.69m, of which £8.11m will be paid in cash with the balance in T&B shares. Further consideration, payable in shares, depends on future profits.
> At the same time as being acquired by T&B, Lowfield is selling its non-dedicated trans-

port network to Rockwood Holdings, the USM-quoted distribution group. After the deal, Rockwood's multi-customer food and drink distribution business will have turnover of

about 130m. Excluding this business, Lowfield made profits after interest but before non-rectirring items and tax of £1.2m in the 10 months to July 29, on turnover of about £14.5m. Net tangible assets, leaving out some depots that are being leased to Rockwood, amount to

leased to Rockwood, another are some £2.2m.

On prospects, Mr John Harvey, T&B's chairman, said:
"The contractual nature of over 80 per cent of our business cushions swings in the retail cycle." He said he looked for further profitable growth.

Once again, most of the growth in profits came from

growth in profits came from the two newer operating divi-sions, Retail Consolidation Ser-vices and Dartford Securities. which are mainly involved in long-term contracts and dedicated distribution services. Together, they generated over £11m of the extra revenue. Mr Harvey said he expected to gain additional business from the acquisition by Black

& Decker, the US power-tool and household products com-pany, of Emhart, which had occurred after a new distribu-tion contract with the company was announced.

The deal with Black &

Decker, along with two other major contracts, was obtained during the first half.

### Avdel at £6.9m but still awaits Textron control

By Graham Deller

AVDEL, the UK fasteners group which was taken over in January by Textron, the Rhode Island-based conglomerate, following a prolonged and some-times acrimonious battle with Banner Industries, a US engineering group, yesterday unveiled results for the six months to end-June 1989.

The results - which showed pre-tax profits up from £5.6m to £6.9m on turnover ahead 13 per cent to £46m (£40.7m) were released in somewhat

unusual circumstances.

In February, Textron's agreed £140m offer fell foul of the US Federal Trades Com-

mission which alleged that the deal might contravene US anti-trust laws. It believed it could substantially reduce competition in the design, pro-

duction and sale of aerospace and non-aerospace blind rivets.
Since then, Textron has been denied access to control of Avdel. A trustee was appointed to hold the latter's equity capital until the case was settled.

As a result of the action, Textron is unable to include Avdel's earnings in its accounts. However, it contin-ues to bear interest charges on

borrowings related to the

acquisition.

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#### Charterhall sells Hornby stake for £2.9m

Charterhall, the UK investment vehicle of Mr Russell Goward, the Australian businessman, has disposed of its 17.2 per cent holding in Hornby Group, the toy and hobby product maker.

The stake was sold for £2.9m cash as part of a policy by Charterhall to concentrate on core activities in footwear retailing and clothing manufacture.

The holding has been sold to "parties friendly to Hornby", according to Charterhall, which claims to have realised a 'most satisfactory" profit on the investment.

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# The interim dividend is again 1.2p and the total is expected to be at least 3.7p (same). TI Spanish sale to net £25m

By Clay Harris

TI GROUP, the specialist to hold 25 per cent of the Spanengineering company, is to sell its 75 per cent stake in AP Amortiguadores, a Spanish-based manufacturer of automotive suspension struts and shock absorbers, for £25.4m to Arvin Industries of the US.

Arvin, which is based in Col-umbus, Indiana, will also assume 'TI's £11m share of APA's borrowings. Kayaba Industry of Japan will continue

ish group, which expects sales to reach £60m this year. Its profits have not been Mr Christopher Lewinton. TI

chairman, said yesterday that the disposal was in line with the group's strategy of with-drawing from activities in which it did not have a reasonable prospect of becoming a

For similar reasons, TI sold its European automotive silencer businesses, Cheswick and Bainbridge, to Arvin last December for £110m. Arvin gained its first Euro-

and sales were disappointing.
Consequent cost of markdowns in pre-tax terms was
over £1m more than in the

expenses.

Trading in the second half should be much better. That will include results of the sum-

mer sales of the autumn

range, which the chairman was confident would more

closely match customers

expectations.

Pex, the sock maker, was hit
by the reduction in consumer

spending and adverse weather. The Montfort knitwear busi-

Turnover rose from £12.44m to £14.48m. Losses per share came to 1.61p (earnings 3.57p).

ness incurred a loss.

pean manufacturing facility for struts and shock absorbers when it bought Amortex of France early in 1988. Its Dutch-based Gabriel subsidiary distributes a wide range of

# ML makes first purchase in Europe via £4.6m deal

Telford loss at £0.4m

ML HOLDINGS, the aerospace, defence and engineering group, is making its first purchase in continental Europe with the DM 14m (£4.6m) cash acquisition of Schopf Maschinenbau, a Stuttgart-based aircraft tow tractor manufacturer.

The vendor is Dobson Park The vendor is Dobson Park Industries, the UK mining equipment and engineering group. Schopf designs, manufactures and sells a range of large aircraft tow tractors, together with equipment for the hard rock mining industry.

Schopf is to become part of ML Douglas, the subsidiary which is engaged principally in aircraft support services. Ear-lier this month, Douglas expanded its aircraft handling activities with the purchase of RTS International, an airport cargo

ML said Schopf was now trading profitably, after mak-ing a pre-tax loss of DM 300,000 on sales of DM 26.3m in the year to end-September 1988. The deal is subject to share-

# Resort Hotels tops its forecast

ble that of the previous

The outcome showed an 18 per cent rise on the minimum £1m forecast with the rights issue in April Earnings came to 1.61p (1.43p) and the final dividend is 0.35p for a total of

ment would have been 0.42p. Several strategic acquisitions were made. Including Lioncourt, the most recent, the network will comprise 19 three star hotels all with function. conference and leisure facili-

ties, two restaurants and a

RESORT HOTELS finished the year ended April 30 1989 with a on the USM for the whole of At April

At April 29 a professional a total of £22.9m. Value of properties owned throughout the year rose to £9.9m (£8.4m).

A number of new products were being developed, including Carefree Days, a weekend break package aimed at the retail market.

#### March helped Telford Group, the USM-quoted information systems company, reduce losses in the 12 months to April 30 1989.

On turnover shead 48 per cent to £1.78m (£1.21m), the deficit before tax was £433,803 - the loss incurred in the previous year amounted to £1.03m. Mr Zohair Awartani, chairman, said the rights issue pro-

after reorganisation LAST YEAR'S reorganisation ceeds had been used for its paign and increased production facilities for its core document storage and retrieval system.

5

Expressing confidence over trading in the first quarter of the current year, Mr Awartani said a return to profitability remained the board's priority. We can now see light at the end of the tunnel", he stated. Losses per 10p share amounted to 2.7p (11.2p).

# Thex advances to £1.01m in maiden USM figures

IBEX Holdings, a USM-quoted recruitment and advertising group, produced a 30 per cent increase in pre-tax profits from £/80,000 to £1.01m in the half year to June 30, on turnover doubled from £8.6m to

£17.2m. A break-down of the figures - the company's first results since it joined the USM in April this year - showed that Austin Benn, the recruitment consultancy, performed well with an advance of 49.6 per cent in profits on a 41.9 per cent gain in turnover.

But ABC Contract Services suffered from expansion and development costs and although turnover went ahead by some 95 per cent the improvement in operating profits was only 5.3 per

P & M Advertising, acquired last October, has considerably improved its performance. The tax charge amounted to £375,000 (£257,000) leaving net earnings per 10p share of 5.1p

An interim dividend of 1.9p has been declared.

#### Richardsons Westgarth up 39% to £0.96m

Strong demand and benefits from the recent investment programme led Richardsons Westgarth to a 39 per cent advance in pre-tax profits for the first half of 1989. The directors said the imme-

The directors said the immediate outlook for the steel stockholding and processing activities was encouraging, and they looked for continued satisfactory performance. The second half would include Berry Hill Group and its steel stockholding subsidiary James & Tatton, acquired in June.
Sales in the opening half

rose 27 per cent to £13.63m (£10.72m) and profit came to £956,000 (£686,000). Operating surplus advanced 78 per cent to £1.09m but that was cut into by interest charges, compared with income received last time. Earnings were 3.3p (2.6p) and the interim dividend is stepped up to 1p (0.8p) on the increased capital

#### Caparo Industries

Intersound Consumer Electronics, a subsidiary of Caparo Industries, the industrial holding company, has exchanged contracts for the sale of the former Fidelity factors in Actor London Considerations in Actor London Consideration in Actor London Consideration in Actor London Consideration in Consideration tory in Acton, London. Consideration will be £8m cash. The sale is conditional upon the grant of a planning consent

# **Sheldon Jones little** changed at £471,000

SHELDON JONES, the USM-quoted maker of animal feeds and supplier of crop prod-ucts, lifted turnover 11 per cent and pre-tax profit 6 per cent, from £443,000 to £471,000 in the year ended May 31

Turnover came to £15.79m (£14.26m). Trading environment for feedstuffs deteriorated in the second half, although there was an improvement in the last two months at reduced margins. Pascoe's continued to perform well. Interest charges advanced

to £116,000 (£7,000). Earnings fell to 6p (7.5p) after considerably higher tax. The dividend is again 4.65p with a final of 3.3p. The company

aunounced the acquisition, for £1.25m cash subject to shareholders' approval, of Frome Chemical, a distributor of fertilisers, composts, sprays and garden and leisure related products. In the year ended June 30 1989 it made profits of £292,000 on sales of £4.2m. Net assets were nearly

for change of use.

# All-round growth lifts EBC

WITH EACH of the divisions playing its part, EBC Group, the property developer and housebuilder based in the south-west of England, achieved a 76 per cent jump in pre-tax profits for the first half of 1989 from £1.35m to

Mr David Stoneman, chairman, said that the contracting business and its special strength in the market for building maintenance had provided a consistent underpin-

ning to the results. There had also been good contributions from commercial property development as well as from private housing, despite reduced sales in this area.

The funds generated in 1988's rights issue had been committed and the company remained confident for future prospects. Despite the strength of the south-west's economy, the fine summer had considerably eased the downturn in housing activity.. Orders for

building work, both large and small-scale, were strong and Mr Stoneman said he expected a very satisfactory outcome for

the full year.
The result was struck on turnover up 28 per cent from £26.78m to £34.2m. After tax of £883,000 (£474,000), earnings at this company which last August graduated from the USM to a full listing rose to 11.9p (9.02p).

The interim dividend is raised to 3.5p (2.7p).

#### The following companies have notified dake of board meetings to the Stock Exchange Such meetings are usually held for the purpose of considering dividends. Official indications are not evaluable as to whether the dividends are interims or finale and the sub-Aug. 31 Sep. 5 Sep. 5 Sep. 4 Sep. 6 Sep. 14 Aug. 25 Aug. 23 Aug. 23 Aug. 25 Sep. 5 Sep. 5 Sep. 18 Hestair Inti Business Comti Jones (A) Lectroks divisions shown below are bai last year's limetables. TODAY Interime-Cambridge Electropia, Squilty & Leve int, Expannet Inti, Goodhead, Hong Kong & Shangini Bank, Scandinavian Bank, Scotlah Esstarn Inv, Tyonoh Miner Malaysis, Fleate-Aerospaca Engineering, Davises (UV), Mainman, Norbalo Electropica.

**BOARD MEETINGS** 

#### SPONSORED SECURITIES 5.4 -6.2 8.4 10.5 -5.1 3.6 8.6 3.5 12.9 9.4 140 Carbo Pk (SE) 220 109 Carbo 7.5% Pref (SE) 110 3.75 Magnet GP Mon-Voting A Cov\* 3.75 1.75 Magnet GP Mon-Voting B Cov\* 1.75 8.0 6.2 7.4 3.6 3.0 13.6 145 56 Jackson Group (SE) 117 322 261 Multihouse NV (AmstSE) 305 152 96 Robert Jenkins 152rd 467 403 Scristons 445sus 290 270 Torday & Carlisle 289 117 100 Torday & Carlisle Car Pref 114 122 92 Trevlan Holdings (USM) 102rd 134 106 Unistrut Europe Conv Pref 134vd 395 355 Veterinary Orug Co. Ltd 390 370 327 W. S Yealts 289 338 18.7 9.3 10.7 9.4 -2.7 11.0 6.9 · 4.8 28.2

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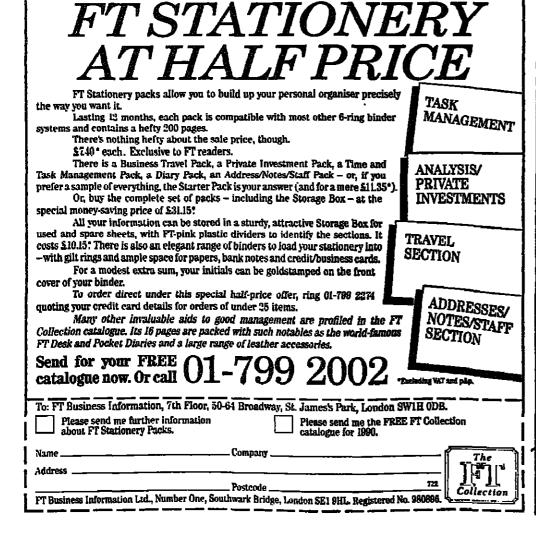
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Sep. 1968/1977 -12 Sep. 2373/2383 -3 Sep. 2708/2720 -18

Prices taken at 5pm and change is from previous close at 9pm



#### **TECHNOLOGY**

Gathering clouds over air travel are creating an opportunity for the railways - and the faster the trains, the more potent the challenge. FT writers report on the stretching of conventional 'wheel on steel' technology and on the prospects for magnetic levitation

AS AIR travel becomes increasingly fraught, with long delays inevitable on the shortest journey, the technological focus has shifted to the ground. The statistics disguise the shift. in international traffic, demand

for rail: has been on the decline at a raile of 1 per cent a year since 1980, while the rise in air traffic over the same period has been 67 per cent. But this has led to worsening congestion in the air, leaving the railways in a position to increase their market share in the 1990s.

When the high-speed rail link to the Channel Tunnel is complete bly by the year 2000), the e from London to Paris hours of "mixed travel" to three hours and 15 minutes. The European high-speed train

network has been gethering momentum ever since France introduced its-TGVs (Trains à Grande Vilasse) and speeded up inter-city transport, taking 40 per cent of the airlines' traffic and 25 per cent from the motorways on its Paris-Lyon route.

Other European countries have jumped on the high-epeed bandwagon: Italy (a north-couth line), West Germany, (the inter City Express network described in the accompanying article), and Spain (high-speed route between Madrid and Seville) all have high-speed lines at various stages of design and construction. Because they are all using conventional wheel-on-steel technology, the national ed lines can connect to form a European network.

The question is: will the railways simply continue to rails conventional technology in their quest to be competitive with the airlines, or will they invest in-newer technologies, such as magnetic levitation, to achieve

speeds of 500 kph? Geoffrey Freeman Allen, editor of Jane's World Railways, sees no reason why conventional technology should be superseded in Europe. The reason for this is that Europe already has an extensive track intrastructure on which the fast trains can run —

aibelt not at top speed. To enable speeds of up to 300 kph, new sections of track can be built for core routes over major arteries, as has happened with the TGV Atlantique service etween Paris and Le Mans. A minimum curvature radius

(4,000 metres) and softer gradie (1.5 per cent exceptionally steepening to 2.5 per cent) have been fixed to accommodate the faster trains. The new line — the world's first commercial 300 kph rall service — will prove that France is still in the forefront of the high-speed revolution when it opens next month.

linking London to Paris and

will also rely on extra power from overhead lines, as does the TGV, and new track alignments to reach its top speed of 288 kph, which BR admits will only be possible on the Continent.

In contrast, magnetic levitation (Maglev) uses anything but conventional technology. The trains hover on an elevated track which is designed so that trains which is designed so that it amis can follow changing contours without loss of speed. A-shaped concrete supports are fitted with equipment for levitation, guidance and propulsion.

The trains are streamlined for minimum wind resistance and litted with electro-magnets. The track features ferro-magnetic armature rails which raise the

train, while the guidance magnets keep it centred. The brakes are electrical and contactless - and if they fall, an eddy current brake

Exciting though it sounds, Maglev presents more than the usual number of difficulties in a major construction and engineering project. "Maglev is not compatible with existing railways. It needs its own track and cannot connect with anything else. Why should countries invest great sums in it when they've already got stations and track?"

says Allen. One of Maglev's perceived drawbacks is safety. The trains are built to aircraft design standards, which means that they are more fragile than standard passenger coaches.

At the same time, they are more likely than aeroptanes to bump into each other or to hit debris on the track and crash. And, the critics add, they are more prone to deflection.

The prospect of Maglev's concrete guide-ways on pillars criss-crossing the countryside is likely to provoke the flercest of environmental protest. Meanwhile, if the Australian Very Fast Train is a success (see

ompanying article), speeds

of 350 kph are in sight using

Rachel Johnson

# A choice of track for Germany's railway ambitions

threshold of modernisation. At the beginning of the next century it could boast a 1,000kilometre magnetically levi-tated Transrapid train link, with a futuristic train capable of travelling at more than 500 kpb, as well as 4,000 km of track carrying a conventional high-speed-train capable of 280 kph but to be operated at 250

The state of the s

Considering its engineering prowess and the quality of its transport infrastructure Germany has appeared to lag behind in the development of fast trains, at least compared with France. But now, prompted by growing congestion in the skies and on the suiobahns, and by Europe's emergent high-speed rail network, the country is set for a great leap forward.

Compared with British Rail

est Germany's year it receives a federal grant of about DM 13.5bn (£4.4bn) but antique railway still makes annual losses of more than DM 4bn which have contributed to an accumulated debt of DM 50bn. Earlier this year, the Government said that it would write off DM 12bn of

that debt. Such sums have been required not simply because the Bundesbahn is inefficient but because after the war it inherited expensive obligations to employ people it did not need. Only since Reiner Goblke took over as its head in 1982 has there been an attempt to run it as a business.

The social obligations also meant that the Bundesbahn under-invested in trains and track, although the generous public funding has still enabled it to electrify 35 per cent of the 28,000 km of track compared with only 25 per cent in Britain. It also makes it easier to contemplate the almost DM 20bn of investment the Bundesbahn enjoys enormous public subsidy. Each Bundesbahn's Inter City

Express (ICE) conventional high-speed network. A large part of that network is due to be operational by 1991 with trains capable of running at 280 kph. Two new stretches of track are being laid between Hanover and Wuerzburg (327 km) and Mannheim and Stutt-gart (100 km), and another 3,500 km of existing track is

being modernised to accommo-

date the new trains. Two fur-ther links - between Karls-

ruhe and Basel in Switzerland and between Frankfurt and Cologne – are due for completion later in the 1990s. There are still a few techni-cal problems associated with the energy consumption of the ICE trains, 82 of which have already been ordered. And despite the fact that the strong environmental lobby is theoretically pro-train, it is also gener-ally hostile to the laying of new track (especially between Frankfurt and Cologne) and the country's legal system gives land owners considerable

powers of obstruction.

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**BUSINESS TRAVEL** 

The even more ambitious Transrapid magnetic levitation project has to contend with the latter problems and plenty more of its own. There are growing doubts in Bonn that it will ever run on anything more than its experimental 31 km track in Emsland in northern Germany. This is for political rather than technical reasons although a few technical dif-ficulties have yet to be resolved including the problem of ice on the electro-magnetic

There are three identifiable groups in the Transrapid debate - for, against and undecided. The first consists of the Research Ministry, several banks and the Transrapid consortium itself led by Thyssen, Messerschmitt-Bölkow-Blohm and Krauss-Maffei (also important contractors to ICE). The proponents argue that the frictionless super-speed train, which hovers a few centimetres above electro-magnets

built into elevated tracks, will fill a gap between conventional

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Please send me a copy/your edited version\* of the 1989 European Businessman Readership Survey

(\*Delete as appropriate.)

railways and air travel, relieving both of congestion which is expected to worsen after 1992 because of the Single European Market.

They claim not only that the Transrapid train would cut the 1,000-mile Hamburg-Munich trip from 10 hours to 3.5 hours, but also that the engine-less train would have low labour and energy costs, and travel in a quiet and environmentally sound manner (although most environmental groups oppose it). They say a decent stretch of track is required in Germany as a show-case for the hoped-for foreign orders from the US, Canada, China and the

Middle East. Transrapid believes that it can raise most of the DM 30bn required from the private sec-tor, perhaps modelled on the Channel Tunnel financing, and it may soon form itself into a public company. But it insists that it needs an initial injection of about DM 4bn of gov-ernment money for the first stage – a 100 km track between Hamburg and Hanover or a 150 km track between Essen and Bonn.

But the sceptics, led by the Transport Ministry, say that the project will cost at least DM 50bn, will not solve Germany's transport problems and will fail to get backing from the private sector. The ministry will advise the Government not to provide any more public money for the project beyond the DM 1.3bn already paid out

for the test track. "A Europe-wide Transrapid system might have been possible in the 1970s or early 1980s but now it's too late and it makes no sense in Germany alone." savs Juergen Huber of the Transport Ministry. It argues that the French would never join a European Trans-rapid system and that the conventional ICE has the scope to increase the speed of its trains

in the long run.
The ministry is also suspicious of the show-case argu-ment and points to the fact that it now looks likely that Transrapid will clinch its first order in the US from Orlando airport to Disney World in Florida, admittedly only 30 km, without one. For longer lines, from Los Angeles to Las Vegas for example, the argument for a show-case may be stronger.

The neutral group comprises the official environmental lobby – the Environment Min-istry – and the opposition Social Democrats. Although Transrapid is a "clean" train, because it requires new track to be built it has set country interests against those of the urban business community. The neutrals may also be influenced by growing hostility to large scale schemes of any kind, especially after the waste of more than DM 20bn on grand nuclear projects over the last 15 years.

As so often in Germany the decision will probably depend on the outcome of a regional battle. Northern politicians, Christian Democrat and Social Democrat alike, are strong supporters partly because more of the work on the trains will be done in the north. Some of these politicians, backed by Eckart Van Hooven of the Deutsche Bank, also see the chance of a northern European Transrapid linking the Scandi-



navian countries to Germany. However, Friedrich Zimmermann, the Transport Minister, is from Bavaria where there is far less popular enthusiasm for the project. It is not certain that there is much popular and Ernst Albrecht, Prime Minister of Lower Saxony and one of the project's most enthusiastic supporters, is keeping a low political profile on the issue until after the

state election next year.

The recent news that the Japanese have decided to build a 45 km test track for their own magnetic train may strengthen the argument for the Government to make a decisive move next month, when the cabinet has to decide whether to provide the money

for the first leg. But given the lack of consensus the decision is almost certain to be delayed The ICE project, especially in its European dimension, will also have to survive a few stormy arguments. One is build the trains capable of crossing the different national railway grids - most of which use different voltages. Alsthom of France has put in a bid to be the main contractor which is

not welcomed in Germany. Such arguments may cause Europe's high-speed train to be a little late into the station, but it should not stop it arriving altogether. The same cannot be said with any certainty about Transrapid.

**David Goodhart** 

# **High-speed route through** a finely balanced market

t goes without saying: speed is the key to the success of Australia's Very Past Train (VFT). At a top speed of 350 kph, the 875 km rail journey between Sydney and Melbourne via Canberra would take three hours. Any-thing less, and the train would be at a commercial disadvan-

tage to the airlines.
That is the delicate judgment of the A\$4.5bn (£2.2bn) project's backers, a four-mem-ber consortium linking three of Australia's largest companies

- Broken Hill Proprietary
(BHP), Elders IXL and TNT with Kumagai Gumi, the Japanese construction group. If the current feasibility study shows the project to be viable, they hope to have the service in operation by 1995.

The idea is to beat the air-lines on cost, and buses and conventional trains on time. At present Australians pay close to A\$200 to fly one way between Sydney and Melbetween Sydney and Mel-bourne, a trip that takes about 70 minutes. By bus or train it costs less - A\$40 to A\$70 -but the journey takes 12 hours. The interesting feature of the VET's technology is that it the VFT's technology is that it is conventional – sophisti-cated, to be sure, but involving no radical departures. It will be a steel wheel on a steel rail system, electrically powered

from overhead wiring The key point about the VFT is that it will run on its own dedicated track, specially built to give it the best possible alignment. The track gauge will be the international standard of 1,435 mm and will be constructed conventionally. The primary difference, says

a report\* from the consortium, is "the adoption of a minimum horizontal curve radius of 7 km and a minimum vertical curve That means the VFT will

actually have steeper gradients than conventional railways -3.5 per cent rather than the typical 1.5 per cent - as well as smoother curves. According as smoother curves. According to the report, "the recognition of the effect of kinetic energy on hill-climbing ability has led to a marked reduction in construction costs." It puts the saving for the VFT's construction bill at around ASPAn

tion bill at around A\$2bn. Power for the VFT will come from an overhead wiring sys-tem energised at 1,500 volts dc in suburban Sydney and Melbourne in order to avoid elec-trical interference with the signalling systems. But for the major part of the route the wire would be energised at 50,000 volts ac.
The trains will have three

The idea is to beat the airlines on cost, and buses and conventional trains on time

braking systems: regenerative, in which power generated by the motors is fed back into the electricity supply system, mag-netic track brakes, which induce eddy currents in the track with the effect of retarding the train, and conventional disc brakes to be used primar-

ily at low speeds.

Rather than conventional lineside signals, the signalling system will use displays in the driver's cab, coupled with automatic train control to eliminate the potential for driver error.

Each VFT train will consist of six passenger cars with a power car or locomotive at either end, making it nearly 200 metres in length. According to Alan Castle-

man, chief executive of the VFT joint venture, the train will incorporate technological developments from abroad designed to ensure speedy but safe travel without excessive track damage. These include improved suspensions, bogies and wheel sets, a more effi-cient overhead current collec-tion system, and enhanced motor control technology and

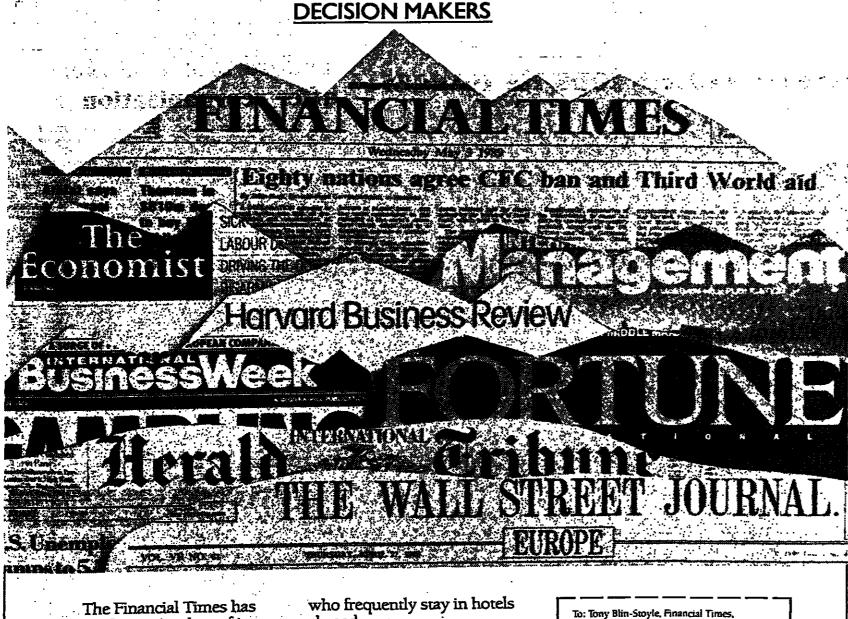
electronic circuitry. The obvious question regarding the VFT, given that it is not scheduled to come into operation until the mid-1990s, is why those involved in the venture have not considered the magnetic levitation (Mag-lev) system, under development in both Japan and West Germany.

The answer is that they have considered this option, but reckon that none of the competing Maglev systems is suffi-ciently developed to be avail-able within the time sought for the VFT. In addition, they calculate that the track cost would be some two-and-a-half times that of a wheel-on-rail system, because it would require more bridging and substantial quantities of copper winding along the track's

That does not rule out Mag-lev altogether. The VFT trains will have a life of around 30 years. Then, or earlier if that is feasible, the report says "further consideration may be given as to whether those replacements should be wheel on rail trains, or whether the right of way should be con-verted for Maglev operation."

\* VFT Concept Report (published by the VFT Joint Venture, GPO Box 2188, Canberra, Australia 2601; December 1988

Chris Sherwell



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**FINANCIAL TIMES** 

#### **COMMODITIES AND AGRICULTURE**

# Copper up again after Mexican mine bankruptcy

By Kenneth Gooding, Mining Correspondent

CONTORTIONS IN the copper market continued yesterday as it absorbed the news from Mexico that the Cananea mine, which accounts for about 2 per cent of the non-communist world's output of the metal, had been declared bankrupt. The London Metal Exchange price of Grade A copper for immediate delivery, which

gained £137.50 last week but had slipped back on Friday, moved up by £23.50 a tonne to close yesterday at £1,820. Three-month metal, up £140 last week, edged ahead by £16 a tonne yesterday to £1,793.50. One leading copper trader

appears to be rather expensive and speculators should probably think twice before taking fresh positions at current lev-

However, Mr Jon Bergthell, base metals analyst with the

LME WAREHOUSE STOCKS (Change during week ended last Friday) - 15.800 to 102.750 - 875 to 77.300 - 175 to 28,200 - 510 to 1,590 + 5,900 to 40,700 infrastructural and Aids-re-

+ 295 to 2,615

James Capel mining team, suggested the market was not taking the current disruptions to base metals production seri-ously enough because it had become used to the idea that production in South America and Central Africa was falling far short of attainable levels. He pointed out that, although the national strike currently hitting copper output in Peru might be short-lived, and, although output at Bougainville in Papua New Guin-

future, there was little chance that the underlying political causes of these disruptions would be eliminated. Moreover, the chances of Central Africa sorting out its

lated problems "must be lim-Mr Bergtheil said: "It is the cumulative effect of having problems in these regions at the same time that the market seems to gloss over. Peru, Bou-gainville, Zambia and Zaire between them produced 21.5 per cent of the non-communist

world's copper in 1988."

The combination of a successful "soft" landing for the US economy, low metal stocks and continuing supply disrup-tions, "indicate that this bear market in base metal prices may already have seen the worst declines," he added.

### Zinc consumption down by nearly 3%

eas might re-start in the near

By Kenneth Gooding, Mining Correspondent

ZINC CONSUMPTION in the non-communist world fell by 2.8 per cent to an estimated 2.58m tonnes during the first six months of 1989, according to the International Lead and Zinc Study Group.

Analysts suggest this is a clear indication of the slowing of activity in construction and car-building, particularly in the US. Both industries are leading zinc users.
In contrast to zinc, which

reached record prices on the London Metal Exchange last year, lead has only recently caught up and its prices are at eight-year peaks. The Institute's figures show the underlying trend for lead was very positive in the first six months Consumption remained at the very high level experienced in the first half of 1988 and was an estimated 2.16m tonnes

Reacting to the fall in demand, refined zinc production fell by 1 per cent in the half-year to 2.577m tonnes while mine output of the metal was down by 16 per cent to 2.6m tonnes.

Lead output from the mines also fell, by nearly 2 per cent to 1.18m tonnes, reflecting production problems, whereas refined metal production followed the demand pattern and rose by 1.4 per cent to 2.232m

The Institute savs stocks of refined lead held by producers have fallen by 7,000 tonnes from the begining of this year to 165,000 tonnes and stocks in LME warehouses have been reduced by 27,000 tonnes to 32,600 tonnes.

Refined zinc stocks in producers' hands were a little above the level at the begining of this year at 312,000 tonnes, while stocks in LME ware houses were down from 40,500 tonnes at the start of 1989 to

# Phibro statement hits cocoa

By Richard Mooney

COCOA PRICES on the London Futures and Options Exchange fell sharply yesterday as it became clear that most of the Ivorian beans covered by a large deal signed at the beginning of this month were already committed in the

Philipp Brothers (Phibro), the big US trade house, confirmed on August 4 that it had secured 500,000 tonnes of the Coast's 1989-90 crop, 200,000 tonnes of which were being passed on to Sucres et Denrées of Paris. The news shook the market out of its torpor as dealers reacted nervously to such a large block of Ivorian cocoa being controlled by just two trading houses. In tion (and indirectly to other June market report Gill & Duffus, the London trade house, put the country's 1988-89 crop at 780,000 tonnes,

But Mr Derek Watts, managing director of Phibro (Malaysia), said yesterday in Kuala Lumpur that most of the cocoa his company had bought was already spoken for. "It is well known in the cocoa market that Philipp Brothers has been an aggressive seller of Ivory Coast cocoa beans since the beginning of this year," the Reuter news agency quoted him as saying "As such, the bulk of the purchase has already been sold to custom-

He added that the purchase was on a differential price basis, so any subsequent price rise "will accumulate to the cocoa producers) and not to Phibro, said this month that to Philipp Brothers." Before the first rumours of

the deal appeared, the December cocoa futures price had

Close Previous High/Low

COCOA E/tonne

been standing at £891 a tonne but after its confirmation a few days later it reached £967 a tonne. That gain had been more than wiped out by the end of last week, however, as the fundamental bearishness of the supply/demand situation had been reasserted. And yesterday December cocoa fell another £38 to £827 a tonne. Mr Watts said the Phibro

statement was intended to quell market speculation that the deal meant the company stood to benefit from a price rise a time when it was involved with the Ivory Coast in drawing up a multi-producer stock-holding plan aimed at boosting the world market. Mr Chris Ariel, a consultant

he had presented two Ivorian plans for withholding up to 300,000 tonnes of cocoa to six

LONDON METAL EXCHANGE

Turnover 10 (31) lots of 3.250 kg

# Green tendency is poisoning water debate

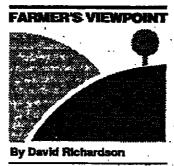
Despite publicity, there is no scientific evidence that Britain's supplies are dangerous

an ever-increasing num-ber of people that Britain's public water supplies pose a danger to health because of modern farming methods does not stand up to examination. The fear has made fortunes for companies in the business of bottling drinking water, caused considerable but unnecessary concern to consumers and looks like costing the country and its farmers many hundreds if not thousands of millions of pounds over the next few

The panic has been orchestrated by the green movement and perpetuated by the press almost to the level of obses-sion. And that is hardly surprising when headlines reguiarly scream that tap water is full of poisonous pesticides and polluted with deadly dangerous nitrates. Very few of the reports beneath such headle to however take the trouble to assess the evidence for such

On pesticides and other agro-chemicals, for instance, the facts are that in recent years the methods used by sci-entists to detect the presence of even minute quantities of residues of all kinds in water have become significantly more sophisticated. That this has enabled them to find one or two parts per billion of chemical in water in a few cases should cause little concern. As one scientist told me it is the equivalent of finding a golfball in Wales and does not amount to a conceivable dan-

But the main preoccupation at present seems to be with nitrates in water and the British Government's failure to comply with an eight-year-old EC directive that all member states should, by 1985, ensure public supplies did not contain nitrates at a concentration of more than 50 parts per million (ppm). In some areas of the UK, notably East Anglia, levels are above that standard and agricultural fertilisers are perceived to be responsible.



All soils contain nitrogen as a result of the chemical breakdown of organic material within them and rain washes some of the resulting nitrate into drains and ditches and eventually into boreholes and reservoirs. This goes on all the while and cannot be controlled. When artificial nitrogen is used to enhance crop growth it, too, is subject to the same

leaching process and if more is applied than a crop can absorb a little can be lost down drains. Since this is the only aspect of nitrate loss from the soil which can be influenced by changes in farming practice, it has attracted most attention from environmentalists and politi-

Indeed one of the first prononcements by John Gummer after he became Minister of Agriculture a few weeks ago was on the planned establish-ment of Nitrate Sensitive

A pilot experimental scheme over a few limited areas is to be initiated next year, whereby farmers will voluntarily restrict applications of nitrogen fertilisers and some arable land will be planted with grass. compensation for loss of

The rate of compensation has not yet been announced but will need to be sizeable if it is to cover all direct and indirect losses, including the "blight" on the land in question which may become virtually unsaleable because of the restrictions. In some other areas, farmers

sary modifications in their farming systems to comply with Good Agricultural Practice in order to limit nitrate leaching from their land. But this has not been defined and the farmers will not be paid compensation. Should such

measures be extended over a wide area of the country in due course, it has been suggested that loss of yield would lead to serious deficits in a number of commodities and could lead to a steep rise in the price of cereals and foods reliant on them.

The restrictions would be justified, of course, if there were any evidence that the present levels of nitrate in UK water supplies were remotely

rtilisers. But the last reported death of a blue baby in Britain was in 1951; the last confirmed case was in 1972; and of the 14 cases over 35 years where water was suspected as the cause, almost all were associated with shal-low wells which were contami-nated with bacteria. None was positively associated with a

likely to cause blue babies and stomach cancer, as alleged by those who condemn artificial

public water supply.

The suggestion that nitrates cause stomach cancer is derived entirely from historical work on laboratory animals. But the evidence does not sup-port the same contention for humans. A study of the records for the whole country reveals that East Anglia, where nitrates in water are higher than almost anywhere else in Britain, has the lowest incidence of gastric cancer in the country. The number of deaths from the disease in England and Wales has in any case almost halved over the last 40

It should also be noted that on average 70 per cent of the nitrates ingested by humans comes from food and only 30 per cent from water. The type of food which consistently con-tains most nitrate is, in fact, vegetables but that does not imply that vegetarians are most at risk. Studies in Japan have shown that regular con-

On what basis then has the But they were also clearly EC decided to set a limit of 50 ppm of nitrate in drinking water? Before the regulation was imposed, the UK government and water authorities were satisfied that 100 ppm was entirely safe. Indeed the World Health Organisation still accepts that 100 ppm of level of nitrate is a reasonable target and that this leaves a great deal of room for possible error.

ing water to be as pure as pos-sible, the committee warned that Britain's more recent agreement to implement the limit by 1995 (the Commission has insisted on 1993) was not

achievable. Nitrate derived from organic matter already in the soil could take up to 50 years to work its way through soil strata into water supplies. And in the meantime it would be continuously replenished from the surface by the residues of further plant growth. If 50 per cent of East Anglia's arable land were turned over to non-fertilised grassland the process could be slowed down over time but it

could not be stopped. The only shorter-term alter-native would be for water suppliers to instal purification units and blending plants, the cost of which would be prohibitive. It would in any case be technically impossible to complete the work in time for the EC's deadline or the UK's

sumption of large quantities of tion would be to differentiate vegetables reduces the risk of between water for drinking and water for other purposes. On what basis then has the But they were also clearly

deal of room for possible error. of guidelines to farmers which the answer has to be that have since been implemented the figure of 50 ppm was in different ways by each state. the figure of 50 ppm was in different ways by each state. They are not too dissimilar to plucked from the air and They are not too dissimilar to plucked from the air and those in Mr Gummer's Nitrate

plucked from the air and accepted as a compromise — as are so many regulations in the EC — after pressure from the Greens, whose influence is beginning to dominate Europe. The level was certainly not based on scientific evidence or data indicating that a maximum of 50 ppm is necessary.

A House of Lords select committee on agriculture recently reached just that conclusion. While confirming that it was, of course, desirable for drinking water to be as pure as pos-

Nebraska farmers are also being encouraged to "spoon feed" their crops with fertiliser requirements – in other words to apply nitrogen up to three times per season in amounts the plants need at the time rather than all in one dollop in the spring. This, too, has been practised on UK arable farms

for at least 10 years. Meanwhile any US consumer living in a municipal area where the water contains more than 10 ppm of nitrate is entitled to receive free bottled tled to receive free bottled drinking water on demand.

I recently asked Stave Oltmans, the general manager of the Papio-Missouri Natural Resources District based at Omaha, if many of his consumers exercised their right. "I guess not," he replied. "Country folks here in the Mid West don't worry over much. On the more densely populated east

more densely populated cast plete the work in time for the EC's deadline or the UK's promise. Their Lordships thought a more sensible solu-

# Australia's live sheep trade with Middle East at risk

By Chris Sherweil in Sydney

AUSTRALIA'S lucrative live pary official based in Riyadh sheep trade with Middle East- was not allowed to verify the sheep trade with Middle Eastern countries is starting to suf-fer from unsubstantiated Saudi Arabian allegations of disease in individual cargoes, Canberra officials reported yesterday. Saudi quarantine authorities

have now rejected a total of five seaborne cargoes, involving 294,000 sheep, since late July, the latest two on Friday and Sunday. The first two shipments were suspected of hav- rise in the price of sheep in ing blue tongue disease, the other three sheep pox. sial because Australia's veteri- dis: three have been accepted

suspicions, and because the initial sheep cargoes have since passed inspection and been sold in other Gulf coun-

According to Canberra offi-cials yesterday, the Saudi alle-gations have already produced two immediate results: a down-Saudi Arabia itself. Not all Australian shipments

The incidents are controver- are being rejected by the Sau-

**US MARKETS** 

IN THE METALS, very quiet trading continued, reports Drexel Burnham Lambert. Gold, silver and platinum followed the US dollar's slow movement. Copper gained from mostly fund and local activity. In the softs, cocoa prices sank 46 dollars basis September as the day's most active market. New short-selling made up most of the volume. Coffee was up 189

activity provided support. Sugar trading was dulf as prices awayed around unchanged levels for most of the day. Cotton tutures advanced from early fund buying. The livestocks all closed lower led by heavy declines in the pork belies and cattle. Sell stops and an expected rise in stauchter rates as the spring pig crop comes into the

since late July, and Canberra has been told that shipments from other countries have also been turned away. But that has given little comfort to the government or the industry. Australia's live speep trade with the Middle East is worth around A\$250m (£117m) a year,

of which about half is with Saudi Arabia. Canberra is angry at the damage to the country's reputation, and last week sent a delegation to Saudi Arabia to see officials from the Commerce Ministry and the Agriculture and Water

Their report is now under ries, breaches of Saudi rules consideration, but one option the Australian industry will have to consider is whether it is worth carrying on with the trade at all.

As for the problem itself, no reliable explanation has yet surfaced to account for its sudden emergence. Camberra offi-cials have pointed to the fact that one company in particular the Saudi Livestock Trading and Transport Company - has been hurt by the rejections. Beyond that, they have alluded to internal royal poli-

tics, inter-departmental rival-

regarding sheep purchases abroad, Saudi efforts to develop a local sheep industry. and over-zealous quarantine officials embarrassed by out-breaks of an unrelated disease. The Saudi Ministry of Agriculture turned back 68,000 sheep at King Abdulaziz port in Dammam on Friday "after veterinary and clinical tests proved they were infected with sheep pox disease," the Saudi press agency said, reports Reuter from Nicosia. That took the total number rejected to 300,000.

#### WORLD COMMODITIES PRICES

(Prices supplied by Amalgamated Metal Trading)

High/Low AM Official Kerb close Open Interest

TIN PRICES fell to new life of contract lows on the London Metal Exchange yesterday, before steadying a tittle near the close. Cash metal added \$445 to last week's \$560 fall while the three months price, which fell \$630 last week, ended \$375 down at \$8,040 a tonne. Late short-covering and profit taking purchases led one trader to suggest that \$8,000 (for three months) seemed to be something of a support level — "but there again," he added, "so briefly were \$10,000 and \$9,000." News of a big fall in LME warehouse stocks of aluminium took the market by surprise and the metal regained last week's fall with interest. The cash position riose \$26 to \$1,809.50 a tonne while the three months quotation was up \$31 at \$1,803.50 a tonne. The stocks fall of 15,600 tonnes took the total decline over the past four weeks to more than 40,000 tonnes.
SPOT MARKETS

LONDON MARKETS

more than 40,000 tonne	es.	
SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Oubai Bront Bland	\$15.20-5.30w	
Brent Bland WTI (1 pm cet)	\$17.06-7.12z \$18.48-6 53w	
W T.I. (1 pm est)	\$100-0	TU.12
Oil products (NWE prompt delivery per to	<del></del>	+ or -
Premium Gasoline	\$196-198	-1
Gas Oli Heavy Fuel Oil	\$156-158 \$84-85	-12
Naphtha	\$153-155	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)	\$366.00	-0.75
Silver (per troy oz)	523c	-3
Platinum (per troy oz)	\$480.75	-3.25
Palisdium (per troy oz)	\$133.25	-1.25
Aluminium (free market)	\$1805	+30
Copper (US Producer)	131%-132	+4
Lead (US Producer)	39.5c	
Nickel (free market)	605c	+20
Tin (Kuala Lumpur market) Tin (New York)	21.4r 394	-1.2
Zinc (US Prima Western)	394 821 <sub>4</sub> c	
		4 :20
Cattle (live weight)† Sheep (doad weight)†	118.44p	~ 1.43°
Pigs (live weight)†	153.31p 93.38p	+7.11* +1.96*
London daily sugar (raw)		-4.6
London daily sugar (white)		4
Tate and Lyle export price		-4.0
Barley (English food)	£108.5z	
Maize (US No. 3 yellow)	£131.60	+0.25
Wheat (US Dark Northern)		-1.5
Rubber (spot)♥		0.25
Rubber (Sepi♥	60.00p	-0.25
Rubber (Oct)♥		-0.25
Aubber (KL RSS No 1 Sep)	238.5m	-0.5
Coconut oil (Philippines)§	\$480t	+10
Palm Oli (Malaysian)§	\$312.6v	
Copra (Philippines)	\$300	
Soyabeans (US)	£16.W	
Cotton "A" Index Wooltops (54s Super)	82.65¢ 604n	+0.50 +6
WAAHARE (New Persons.	604p	45

c-cents/lb. r-ringgit/kg. y-Oct/Dec. z-Sep. x-Nov/ Dec. 1-Aug/Sep. w-Sep/Oct. w-Oct. †Most Commission average fatstock prices. \* change from a week ago. PLondon physical market SCIF Rotterdam. 💠 Bulilon market close. m-Malay-

Sep Dac	771 <b>8</b> 27	807 865	800 767 856 820
Mar	803	840	635 800
May Jui	812 829	853 868	844 809
Sep	845	863	864 828 867 843
Doc	870	905	895 867
Turnove	er: 15271 (	10063) lots	of 10 tonnes
price fo	r Aug 18	1000.96 (10	is per tonne). Daily 122.03) :10 day aver-
age for	Aug 21 10	054.05 (108	2.30)
COFFE	E/tonne		
	Close	Praylous	High/Low
Sep Nov	761 786	762 754	784 752 789 756
Jen	781	772	785 774
Mer May	799 815	788 806	800 759 818 510
آبيا آ	839	835	630 828
Sep	870	853	851 850
	or: 3099 (2 Ucator ad	414) lota o	f 5 tonnes ents per pound) for
Aug 18 <sup>-</sup>	Comp. de	lly 66.44 (	(88.44). 15 day aver-
	84 (69,15)		
	(\$ per tor	ine)	<del> </del>
Raw	Close	Previous	High/Low
Oct Dec	297.00 287.80	298.20 290.60	300.00 295.80 288.00
Mar	280.00	282.00	282.60 278.40
May Aug	275.00 270.60	277.00 272.00	276.60 275.00 272.00 271.00
Oct	264.00	264.60	286.20 264.00
White	Close	Previous	High/Low
Oct	405.00	404.00	404.00 402.00
Dec Mar	369.00 352.00	386.00 354.00	365.50 361.00 353.00 351.00
May	349.00	360.00	347.00 347.00 345.50 343.00
Aug	346.00	346.00	
Turnove Whate 1	379 (628).		)lots of 50 tonnes.
Paris- V	Vhite (FFr	per tonne):	Oct 2864, Dec 2406,
			302, Oct 2250.
CRUDE	Oil, Ş/baı	rel	
	Close	Previo	us High/Low
Oct	16.83	16.85	16.99 16.82
Nav Dec	16.75 18.64	16.77 16.78	16.90 16.74 16.84
PE Inde	nx 16 85	16.94	
Turnova	ır: 3816 (4	950)	
QAS CI	L S/tonna		
_	Close	Previous	High/Low
Sep	155.00	154.50	155.50 154.75
Oct Nav	153.00	152.75	154.00 153.00 153.50 152.75
Dec	153.00 153.25	152.75 152.50	153.25 152.75
Jan	151.25	150.50	152.00 150.50
Feb Mar	149.00 145.50	148.00 144.00	
Apr	143.00	143.00	143.00
Turnove	r 2871 (60	15)lots of	100 tonnes
	•		

TEA
There were 19.254 packages on offer
including 7,800 offshore, reports the Tea
Brokers Association, Prices for bright
ilquoring East Africans and coloury
mediums continued fully firm but plainer
sorts showed an easier tendency. Ceylons
west a very strong feature and sold at
dearer rates. In the offshore auction
Bangladesh teas attracted fair competition
but there were some withdrawals amongst
the plainer descriptions. Kenyas met good
demand at firm rates while primary grades
from Central Africa sold readily. Quotations:
quality 195p (same), medium 124p (same),
low medium 95p (97p),

	um, 99.7%	% purity (\$	per tonne)			Ring	EUMO	rer 11,	125 ton
Cash	1809	10 1	780-6	1810/1808	1808-10				
3 month			1770-5	1820/1800	1800-5	1801-5		29,899	
Copper,	Grade A	(£ per tom	ne)			Ring	turno	rer 37.	225 ton
Cash	1819-		796-7	1825/1803	1803-4	4000			
3 month			1777-8	1804/1778	1782-3	1803-4		70,32	
	per tonno					Rin	gtunx	iver 6,	725 ton
Cash 3 month	446-7 18 438.5		152-4 142-4	447/448 443/438	446-7 438,75-8	438-40		10,654	Linte
	S per toni				700,100			_	200 toni
Cash	12850		2760-70	13200/1290	00 13150-200				- Q-1
3 mont			1900-50	12200/1210			0	5,226	lots
The (S p	er tonne)					Ř	ng tun	CALEL .	190 tona
Cash	7880-		900-30		7850-60				
3 month			400-30	8250/8000	8020-30	8040-60		5,598	
			per tenne)		<del></del>	Ring	יסודונו	er 20,6	560 tonz
Cash 3 month	1970-	80 1	910-20 1750-1	1970/1940	1945-8	1750 5			
			rat-i	1755/1730	1738-45	1750-5		12,020	
Zunc (S   Cash	per tonne 1820-		795-800		(700 000	Ring	THE PERSON NAMED IN	er 10,6	550 tons
Carpin 3 month			785-600 685-8	1680	1795-805 1675-80	1685-00	)	7,078	lots
	celtg £/\$						•	- 1	
SPOT: 1	.5770		months: 1.558	8	6 months:	1.5424	{	) monti	1s: 1.52
PUTAT	OES E/to		10		POSITION IN		_		
	Close	Previous	High/Low		Gold (fine oz	5 price	3	edriva	lent
Nov Feb	144.0 170.0	142.0 170.0	143.9 141.0 165.0 165.0		Close	3654-3664	2	32-232	2
Арг	223.0	221.0	228.0 221.7		Opening the	385 4-365 <b>4</b> 385.5	2	33 k -23 32,821	44
May	244.0	241.0	245.0 244.5		Atternoon fix	365.9		32.244	
IUMOVE	r 618 (62	4) lots of 4	iu tonnes.		Day's high Day's low	365-365 <sup>1</sup> <sub>2</sub> 365 <sup>1</sup> <sub>4</sub> -365 <sup>2</sup> <sub>4</sub>			
SOYAR	ZAN ME	AL £/tonne			-u, u «»	4			
	Close	Previous							
Oct	139.50	138.00	139.50 137.0	00	Coins	\$ price	_	equiva	dent
Dec	140.50	140.00	139.50 138.0	ĎŐ	Mapleled Britannia	376 12-381 12 376 12-381 12	2	39-242 39-242	
Feb	143.00	141.50			US Eagle	37612-38112		39-242 39-242	
Turnove	er 170 (85	i)lats of 20	tonnes.		Angel _	374-379	Ž	37 12-24	103
FREM	a mari	RES \$10/in	dev color		Krugerrand New Sov-	384 <sup>1</sup> 2-387 <sup>1</sup> 2 85-87	2	31-233 41 <sub>2</sub> -55	
	Close	Previous			Old Sov.	86-87	5	412-551	4
Aug	1434	1435			Nobie Plat	480.5-494.25	9	09.3-31	42
		1502	1505 1499						
Sep	1510				Silver Ex	p/fine oz		S cts e	MILIV
Sep Oct	1565	1560	1658 1558						
Sep Oct Jan	1565 1599	1560 1603	1599 1594			<del></del>		-	7
Sep Oct Jan Apr Jul	1585 1599 1822 1424	1560 1603 1625 1418			Spot 8 months	332.15 343.55	5 5	21.40 33.06	1
Sep Oct Jan Apr Jul BFI	1585 1599 1622 1424 1421	1560 1603 1625 1418 1421	1599 1594 1622 1620		Spot § months 6 months	332.15 343.55 354,40	5 5 5	21.40 33.06 44.05	<u>,</u>
Sep Oct Jan Apr Jul BFI	1585 1599 1822 1424	1560 1603 1625 1418 1421	1599 1594 1622 1620		Spot 8 months	332.15 343.55	5 5 5	21.40 33.06	
Sep Oct Jan Apr Jul BFI Turnove	1585 1509 1622 1424 1421 er 88 (165	1560 1603 1625 1418 1421	1599 1594 1622 1620	<u> </u>	Spot 3 months 6 months 12 months	332.15 343.55 354.40 375.50	5 5 5	21.40 33.06 44.05 65.85	
Sep Oct Jan Apr Jul BFI Turnove	1585 1599 1522 1424 1421 er 88 (165	1560 1603 1825 1418 1421	1599 1594 1622 1620 1410	<u> </u>	Spot § months 6 months	332.15 343.55 354.40 375.50	5 5 5	21.40 33.06 44.05 65.85	
Sep Oct Jan Apr Jul BFI Turnove ORAINS	1585 1599 1622 1424 1421 or 88 [165 \$ 2/tonne	1560 1803 1825 1418 1421	1599 1594 1622 1620 1410 High/Low	<u> </u>	Spot 3 months 6 months 12 months	332.15 343.55 354.40 375.50	5 5 5	21.40 33.06 44.05 65.85	
Sep Oct Jan Apr Jul BFI Turnove OFIAINS	1585 1599 1522 1424 1421 er 88 (165	1560 1603 1625 1415 1421 )	1599 1584 1622 1620 1410 High/Low	50	Spot 3 months 6 months 12 months	332.15 343.55 354.40 375.50 (AL EXCHAM	5. 5. 5. 5.	21.40 33.06 44.05 65.85	OPTION
Sep Oct Jan Apr Jul BFI Turnove GRAINS Wheat Sep Nov Jen	1585 1599 1522 1424 1421 er 88 (165 \$ \$\text{Close}\$ 106.55 109.65 112.85	1560 1603 1625 1418 1421 1421 Previous 106.50 109.60 113.00	1599 1594 1622 1620 1410 High/Low 106.65 106.6 109.75 109.6 113.00 112.6	35 30	Spot § months 6 months 12 months 12 months 12 months 12 months 12 months 12 months 13 months 15 months 16 months 17 months 18	332.15 343.55 354.40 375.50 FAL EXCHANGE 8.7%) Conne Sep	S S S S S S S S S S S S S S S S S S S	21.40 33.06 44.05 65.85 ADED	OPTIQUE Puis Nov
Sep Oct Jan Apr Jul BFI Turnove GRAINS Wheel Sep Nor Jen Mer	1585 1599 1822 1424 1421 or 88 [165 \$ £/tonne Close 106.55 109.65 115.45	1560 1803 1625 1418 1421 ) ) Previous 108.50 109.60 115.50	High/Low 105.65 105.7 105.75 105.65 115.00 115.1	35 80 50	Spot 3 months 6 months 12 months 12 months LONDON MET	332.15 343.55 354.40 375.50 (AL EXCHAM	S S S S S S S S	21.40 33.06 44.05 65.85	OPTIQUE
Sep Oct Jan Apr Jul BFI Turnove GRAIN: Wheel Sep Nov Mer May	1585 1599 1522 1424 1421 er 88 (165 \$ \$\text{Close}\$ 106.55 109.65 112.85	1560 1603 1625 1418 1421 1421 Previous 106.50 109.60 113.00	1599 1594 1622 1620 1410 High/Low 106.65 106.6 109.75 109.6 113.00 112.6	35 80 50	Spot a months 6 months 12 months 12 months 12 months 12 months 12 months 12 months 1700	332.15 343.55 354.40 375.50 (AL EXCHAN 9.7%) C. i tonne Sep	55 55 5 5 5 8 8 8 8 8 8 8 8 8 8 8 8 8 8	21.40 33.06 44.05 66.85 ADED (	OPTIQUE Puls Nov
Sep Oct Jan Apr Jul BFI Turnove GRAIN: Wheel Sep Nov Mer May	1585 1599 1622 1424 1421 or 88 (165 \$ £/tonne Close 106.55 109.65 112.85 115.45 118.30	1560 1803 1625 1418 1421 Previous 108.50 113.00 115.50 118.45	1599 1594 1622 1620 1410 High/Low 105.65 105.1 109.75 109.1 113.00 112.1 113.00 112.1 113.00 112.1	35 80 50	Spot 8 months 6 months 12 months 12 months 12 months 12 months 15	332.15 343.55 354.40 375.50 7AL EXCHAN 9.7%) C: 100ne Sep 121 43 8	55 55 55 56 60£ TR allis Nov 131 71 33	21.40 33.06 44.05 65.85 ADED ( 5 949 3 24 88	OPTION Puts Nov 28 54 124
Sep Oct Jan Apr Jul BFI Turnove GRAINS Wheel Sep Nov Jan Mar Mar Jun	1585 1599 1622 1424 1421 or 88 (165 \$ £/tonne Close 106.55 109.65 112.85 115.45 118.30	1560 1803 1625 1418 1421 Previous 108.50 113.00 115.50 118.45	1599 1594 1622 1620 1410 High/Low 105.65 105.1 109.75 109.1 113.00 112.1 113.00 112.1 113.00 112.1	35 80 50	Spot 8 months 6 months 12 months 12 months 12 months 14 months 15 months 15 months 16 months 16 months 17	332.15 343.55 354.40 375.50 FAL EXCHAN 9.7%) C: tonne Sep 121 43 8	55 55 55 56 60£ TR alis Nov 131 71 33	21.40 33.06 44.05 65.85 ADED ( 5 99 3 24 88	OPTION Puls Nov 28 84 124
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Sep Oct Jan Apr Jul Birl Turnove GRAINS Wheel Sep Nov Jun Berley Sep Nov	1585 1599 1622 1421 1421 or 88 [165 \$ £1onne 106,55 103,65 115,45 116,45 118,30 120,39 Close	1850 1803 1625 1418 1421 1421 108.50 108.50 113.50 113.50 118.45 120.25 Previous	High/Low 105.85 106.4 105.85 106.4 105.85 106.4 113.00 112.4 115.60 115.4 118.40 118.3 120.25 High/Low 102.60 102.4 106.60 102.4	85 90 50 36  50	Spot 8 months 6 months 12 months 12 months 12 months 12 months 17	332.15 343.56 343.56 354.40 375.50 FAL MIXCHAN 9.7%) C i tonne Sep 121 43 8 e A) C	55 55 55 56 60E TR alls Nov 131 71 33 33 sile 184	21.40 33.06 44.05 65.85 ADED ( 5 Sep 3 24 38	Nov 28 84 124 24s 82
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Sep Oct Jan Apri Jan Apri Jul BFI Turnove Wheat Sep Nov Jan Mary Jun Sep Nov Jan Mary Jun Mary Mary Mary Mary Mary Mary Mary Mary	1585 1599 1622 1421 1421 or 88 [165 \$ £1onne 106,55 103,65 115,45 116,45 118,30 120,39 Close	1850 1803 1625 1418 1421 1421 108.50 108.50 113.50 113.50 118.45 120.25 Previous	High/Low 105.85 106.4 105.85 106.4 105.85 106.4 113.00 112.4 115.60 115.4 118.40 118.3 120.25 High/Low 102.60 102.4 106.60 102.4	85 90 50 36  50	Spot 8 months 6 months 12	332.15 343.56 354.40 375.50 FAL EXCHAN 9.7%) C i tonne Sep 121 43 8 9.7% C 180 104 51	55 55 55 55 56 80 E TR alis Nov 131 77 33 34 184 131 90	21.40 33.06 44.05 65.85 ADED ( 5 9 24 88 F 11 35 81	09-T1QN Pubs Nov 26 84 124 Pubs 82 127 183
GRAINS Wheel Sep Nov Jan May Jun Seriey Sep Nov Jan Mar Mar Mar Mar Mar Mar	1585 1599 1622 1421 1421 or 88 (165 100-95 100-95 112-85 118-90 112-90 102-90 102-90 102-90 114-15 1	1850 1803 1425 1418 1421 1421 100.50 109.60 113.00 113.00 114.5 120.25 Previous 102.60 105.45 109.60 114.15 114.15 114.15	High/Low 162, 1620 1410 165, 85 106, 109, 75 109, 75 109, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 114, 15 Barley 53 (85	35 80 36 36 	Spot 8 months 6 months 6 months 12 m	332.15 343.55 354.40 375.50 FAL EXCHANGE, 7%) Co. i tonne Sep 121 43 8 e A) Co. 180 104 51	55 55 55 55 56 80 E TR alis Nov 131 71 73 33 84 184 131 90	21.40 33.06 44.05 65.85 ADED ( Sep 3 24 88	26 82 127 183
Sep Oct Jan Apr Jan Apr Jul BFI Turnove GRAINS Wheel Sep Nov Jen Mer May Jun Turnove	1585 1599 1622 1421 1421 or 88 (165 100-95 100-95 112-85 118-90 112-90 102-90 102-90 102-90 114-15 1	1850 1603 1625 1418 1421 1421 108.50 108.50 113.50 118.45 120.25 Previous 105.45 109.50 112.05 112.05 114.15	High/Low 162, 1620 1410 165, 85 106, 109, 75 109, 75 109, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 112, 113, 00 114, 15 Barley 53 (85	35 80 36 36 	Spot 8 months 6 months 6 months 12 months 12 months 12 months 12 months 12 months 12 months 15 months 1700 1800 1800 1900 Copper (Grad 2500 2500 Collect Post 1700 Collect Pos	332.15 343.55 354.40 375.50 FAL EXCHAIN 8.7%) C 1 tonne Sep 121 43 8 8 A) C 180 104 51	55 55 55 56 56 80 E TR alls Nov 131 71 33 184 131 90	21.40 33.06 44.05 65.85 ADED ( 5 8ep 3 24 88 Fi1 35 81	OPTION Puts Nov 26 124 124 82 127 183
Sep Jan Apr Jan Apr Jul BFI Turnove GRAIN: Wheel Sep Nov Jun Berley Sep Nov Jun Turnove Turnove	1565 1595 1692 1424 1421 17 88 (165 5 S/sonne 106,55 109,65 112,85 118,30 120,20 102,60 102,60 102,50 112,10 114,15 Ir: Wheat Ir ids of	1850 1803 1428 1428 1421 1421 108.50 108.60 113.50 118.45 120.25 Previous 102.60 109.45 112.05 114.15 227 (369), 100 tonnes	High/Low 105.85 106.4 105.85 106.4 105.95 106.4 113.00 112.4 115.00 116.4 118.40 118.3 118.40 118.3 102.50 102.4 108.50 106.4 109.50 114.15 Barriey 53 (85	35 80 36 36 	Spot 8 months 6 months 6 months 12 m	332.15 343.56 354.40 375.50 (AL EXCHAN 9.7%) C i tonne Sep 121 43 8 e A) C 180 104 51	55 55 55 56 56 57 77 73 33 90 184 131 90 70 148	21.40 33.06 44.05 65.85 ADED ( 5 9-9 3 24 88 11 35 81	OPTION Puts Nov 26 54 124 Puts 82 127 183
Sep Jan Apr Jan Apr Jul BFI Turnove GRAIN: Wheel Sep Nov Jun Berley Sep Nov Jun Turnove Turnove	1565 1595 1692 1424 1421 17 88 (165 5 S/sonne 106,55 109,65 112,55 113,45 118,30 120,20 102,50 102,50 103,50 103,50 104,5	1850 1803 1425 1416 1421 1421 108.50 108.50 113.50 113.50 118.45 120.55 114.15 227 (369), 100 Jonness	High/Low 1622 1620 1410 High/Low 105.65 106.4 109.75 109.4 113.00 112.1 115.00 113.1 120.25 High/Low 102.60 102.1 109.50 102.1 109.50 102.1 109.50 108.1	35 80 36 36 	Spot 8 months 6 months 6 months 12 months 12 months 12 months 12 months 12 months 12 months 15 months 1700 1800 1800 1900 Copper (Grad 2500 2500 Collect Post 1700 Collect Pos	332.15 343.55 354.40 375.50 FAL EXCHAIN 8.7%) C 1 tonne Sep 121 43 8 8 A) C 180 104 51	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	21.40 33.06 44.05 66.85 ADED ( 5 24 88 11 35 81	25 Nov 25 82 127 183 38 89
Sep Jan Jan Jul	1565 1595 1692 1424 1421 1421 17 88 (165 5 Viconite 106,55 109,65 112,65 118,30 120,20 102,50 103,50 112,10 103,50 112,10 104,50 103,50 112,10 104,50 103,50 112,10 104,50 105,50	1850 1803 1825 1418 1421 1421 108.50 109.60 113.00 113.00 113.00 114.45 120.25 112.05 114.15 227 (369), 100 Ionnee	High/Low 105.85 106.4 193.75 109.4 113.00 112.4 115.60 115.4 118.40 118.3 120.25 High/Low 102.60 102.4 109.50 114.15 Barley 53 (85)	35 80 36 36 	Spot 8 months 6 months 12 months 15	332.15 343.55 354.40 375.50 FAL EXIGHAM 9.7%) C 1 tonne Sep 121 43 8 e A) C 180 104 51 1 TRADED 6 Nov	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	21,40 33,06 44,05 68,85 ADED 6 3 24 38 11 35 81 Nov 23 43 70	00 THOSE Puts Nov 25 54 124 245 82 127 183 Jan 38 56 86
Sep Jan Apr Jan Apr Jul BFI Turnove GRAIN: Wheel Sep Nov Jun Berley Sep Nov Jun Turnove Turnove	1565 1595 1692 1424 1421 17 88 (165 5 S/sonne 106,55 109,65 112,55 113,45 118,30 120,20 102,50 102,50 103,50 103,50 104,5	1850 1803 1425 1416 1421 1421 108.50 108.50 113.50 113.50 118.45 120.55 114.15 227 (369), 100 Jonness	High/Low 1622 1620 1410 High/Low 105.65 106.4 109.75 109.4 113.00 112.1 115.00 113.1 120.25 High/Low 102.60 102.1 109.50 102.1 109.50 102.1 109.50 108.1	35 80 36 36 	Spot 8 months 6 months 12 months 15	332_15 343_55 343_55 354_40 375_50 FAL EXCHANGE 9.7%) C 1 tonne Sep 121 43 8 e A) C 180 104 51 Nov 87 57	5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	21.40 33.06 44.05 66.85 ADED ( 5 24 88 11 35 81	25 Nov 25 82 127 183 38 89

market weighed on the pork befiles. Professional and local selling in the face of light packer interest depressed cattle futures. An expected seasonal increase in hog numbers kept hog tutures under pressure. The grains leatured higher prices in the soy complex as increased commercial activity was noted. Corn and wheat tutures had non-eventual seasons. The energy complex was dull in tront of Tuesday's expiration of the September contract.							
	100 troy	OZ; \$/troy o	)z.	<del>,,</del>			
	Close	Previous	High/Lov				
Aug	368.4	368.1	368.3	368.0			
Sep	368.8	368.5	369.0	300.0			
Oct Dec	370.7 374.5	370.1 373.9	371,1 374.9	389.4 373.8			
Feb	378.3	377,7	378,0	377.0			
Apr	382.1	301.5	381.2	361.2			
Jun Aug	386.0 389.7	385,4 389,1	0	0 B			
Oct	393.6	383.0	ă .	ò			
PLAT	NUM 50 0	roy ox, S/tro	y oz.				
	Close	Previous	High/Low	,			
Sep	485.4	483.5	0	0			
Oct	487.7	485.8	489.5	483.0			
Jan Apr	491.2 494.8	489.3 493.2	493.0 493.0	. 486,5 403.0			
Jul	498.7	497,1	0	0			
Oct	502.6	501.0	Q.	0			
SILVE	9 5,000 to	dy oz; cents	Viroy az.	-			
	Close	Previous	High/Low				
Aug	522.7	523.B	0	0			
Sep Oct	524.3 528.2	525.5 529.4	525.5	<b>522.</b> 0 :			
Dec	537.0	538.2	0 538,0	0 535.5			
Jan	540.3	541.5	0	0			
Mar May	548.9 556.9	550.1	550.0	545.5			
Jul	565.3	558.1 568.6	557.0 0	557.0 0			
Sep	673.7	574.9	575.5	573.0			
Dec	585.7	586,9	585.0	585.0			
COPP		ibs; conts/l	bs				
	Close	Previous	High/Low				
Aug Sep	125.45 125.46	124.65	125.65	125,20			
Oct	124.15	123.90 122.90	127.00 0	124.20 0			
Dec	121,65	121.00	123.00	121.00			
•	~	• •					

Sept	Listest Provious High/Low   Scy1   18.55   18.05   18.05   18.05   18.05   18.05   18.05   18.07   18.05   18.22   18.43   18.45   18.45   18.45   18.27   18.05   18.23   18.45   18.45   18.45   18.25   18.05   18.25   18.25   18.07   18.07   18.05   18.25   18.25   18.07   1										
Latest   Provious   High-Low   SQT/ABELANS 5,000 but rini; certar/SGIb bushed   SQT   18.52   18.63   18.66   18.37   18.66   18.37   18.66   18.37   18.66   18.37   18.66   18.37   18.67	Easest   Provious   High-Low	CRUP	E OP n s	aht) 42 000	iS celle si	bernel ··	<u>~</u> L	lese	_	-	
Sep   18.96   18.90   18.97   18.98   18.98   18.99   18.90   18.94   18.90	Sep   18.86						<u>-</u>				
Nov 18.20 18.23 18.34 18.30 18.30 18.20 18.07	Nov 18.20 18.23 18.34 18.46 18.46 18.40 18.40 18.40 18.41 18.23 18.47 18.46 18.41 18.23 18.40 18.40 18.41 18.23 18.40 18.40 18.41 18.41 18.40 18	Sep	18.96			<del></del>	- <b>SOYA</b>		)00 pri (aju) (	oente/6015 b	ushel
Dec   18.16   18.11   18.20   17.98   Sept   0940	Date   18.19   18.07   18.07   18.07   18.07   18.07   18.07   18.07   19.07   17.08								Previous	High/Low	
Feb 17.94 17.96 17.96 17.96 17.98   37.98   39.77   200.00   201.0	Figh 17.54 17.58 1	Dec	18.16	18,11	16.20	18.07	. Aug				
Section   17.88   17.88   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.85   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.86   17.87   17.81   17	Mary 17.88   17.88   17.85						Nov				
Apr 17.86 17.86 17.89 17.89 17.89 17.89 17.89 17.81   Apr 17.17 17.81 17.81 17.81 17.81   Apr 17.17 17.81 17.81 17.81   Apr 17.18 17.81 17.81 17.81   Apr 17.18 17.81   Apr 17.18 17.81   Apr 18.18	Apr 17.86 17.85 17.80 17.81 18.81 18.91 18				17.95		Jan	\$67/2	586/6	600/0	581/4
### ATT   17-20   17-2	### 17-20 17	Арг	17.89	17.85	17.80	17.80					
### STYLES CH. 42,000 US galls, centerAUS galls  Labest Previous, High/Low   SCYABEAN OR. 80,000 Ubs; centerib    Labest Previous, High/Low   SCYABEAN OR. 80,000 Ubs; centerib    Sep 5150 5103 5180 5190   Sep 5190   Sep 5150   Sep	### ### ### ### ### ### ### ### ### ##						. Jul	616/0	609/6		
Labest   Previous   High/Low   Ciose   Cio	Close   Previous   HighTLow   Close   Previous   HighTLow   HighTLow   Laborator   Labor										
Sep 5150 5100 6100 5100 Aug 18.21 17.597 18.22 17.7.  Aug 18.22 17.7.  Aug 18.21 17.597 18.22 17.7.  Aug 18.22 17.7.  Aug 18.21 17.597 18.25 18.2.  Aug 18.22 18.27 18.95 18.2.  Aug 18.22 18.27 18.95 18.2.  Aug 18.21 18.22 18.27 18.95 18.2.  Aug 18.22 18.27 18.95 18.2.  Aug 18.21 18.22 18.27 18.85 18.2.  Aug 18.22 18.27 18.85 18.2.  Aug 18.22 18.27 18.85 18.2.  Bery 18.22 18.27 18.85 18.2.  Bery 18.22 18.27 18.85 18.2.  Aug 27.0.  Close Previous High/Low  Coordinate of the control o	Sep 5150 6100 5160 5100 5000 Aug 18.21 17.78 18.22 17.78 (Col. 6616 5162 6200 6200 5205 6204 6200 6200 6205 6204 6200 6200 6200 6200 6200 6200 6200	-					AYOS _		<del></del>	<del></del>	<del>,</del>
Cote 8216 8162 5240 8770 Nov 5275 5224 8269 5240 Dec 8256 8257 8345 5220 Dec 8256 8256 8256 8250 Dec 1827 18.85 18.25 18.55 Dec 8256 8256 8256 8250 Dec 1827 18.85 18.27 18.85 18.27 Dec 8256 8256 18.55 Dec 1827 177 182 1112 Dec 1927 177 182 1113 Dec 1927 177 1782 1113 Dec 1927 177 177 177 177 177 177 177 177 177 1	Oct 8216 5162 5240 5200 5200 5200 5200 5200 5200 520	Sec	5150				•	<del></del>			
Date SSSS SSST SS45 S294 S290 S205 Dec 18.57 18.98 18.99 18.65 Feb S235 S294 S290 S205 Dec 18.57 18.98 18.99 18.65 Feb S235 S294 S290 S205 Dec 18.57 18.98 18.99 18.65 Feb S235 S294 S290 S205 Dec 18.57 18.98 18.99 18.65 Feb S235 S294 S294 S294 S294 S294 S294 S294 S294	Diagno   SSSE	Oct	8215	5162	5240	5170	. Aug				
Jan 5925 5294 5950 5905 Jan 19,25 18,55 18,25 18	Inc.   Sa25   Sa24   Sa20   Sa20   Sa25   Sa24   Sa20   Sa25   Sa24   Sa20   Sa25   Sa24   Sa20   Sa25   Sa24   Sa20   Sa25   Sa20   Sa20   Sa25   Sa20   Sa20   Sa25   Sa20   Sa20   Sa25   Sa20   Sa20   Sa20   Sa25   Sa20						Oct	18.54	16.22		
Apr 4800 4254 4875 Mar 18.82 19.27 12.85 18.20 Mar 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.80 18.90 18.	Apr 4890 4834 4890 4875 May 18.00 18	ببحك	5325	5294	5350	5305					
Close	May   18.90   18.80   18.90   18.00	Feb			5260						
Close Previous High/Low  Aug 270.2 203.7 270.5 203.1  Aug 270.2 203.7 190.1 198.8 198.9 198.7 190.1 198.8 198.5 198.0 198.9 198.7 190.1 198.8 198.5 198.0 198.9 198.7 190.1 198.8 198.5 198.0 198.9 198.7 190.1 198.8 198.5 198.0 198.9 198.7 190.1 198.8 198.5 198.0 198.9 198.7 190.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0 198.1 198.8 198.5 198.0	Close   Previous   HighLow	Apr Mav :			4740		May	19.90	19.66		
Close   Previous   High/Low   Clos	Close   Previous   PigipLow				<del> </del>						19.90
Sep   1108	Sep   1108				High/Low	<del>,</del>	SOYA				
Doc 1121 1178 1160 1196 Aug 210.2 203.7 210.5 203.4 May 1144 1196 1177 1192 1113 Sep 183.7 190.1 193.8 188.1 Sep 181.2 1255 11795 1176 1176 Dec 18.4 182.3 186.5 190.1 193.3 126.5 190.1 193.3 186.5 191.3 193.5 190.1 193.3 196.5 190.1 193.3 196.5 190.1 193.5 1216 1175 Jac 194.9 191.3 196.5 196.5 190.0 192.3 1285 1215 1175 Jac 194.9 191.3 196.5 196.5 196.0 192.3 1285 1215 1175 Jac 194.5 194.9 191.3 196.5 196.5 196.5 196.0 192.3 1285 1215 1175 Jac 194.5 194.9 191.3 196.5 19	Doc 1271 1178 1100 1106 Aug 270.2 233.7 270.5 233.0 May 1144 1196 1175 1198 1114 Cci 186.0 182.4 182.5 180.3 186.5 180.3 186.9 188.2 1235 11785 1175 Dee 184.9 181.3 186.5 180.3 Dee 182.1 1285 11785 1175 Dee 184.9 181.3 186.5 180.0 Dee 1223 1289 1245 1175 Dee 184.9 181.3 186.5 180.0 Dee 1223 1289 1245 1175 Dee 184.9 181.2 182.5 182.5 181.0 Dee 182.7 182.5 182.5 182.5 Dee 182.5 79.11 81.25 79.00 Dee 1223 182.5 182.5 182.5 Dee 182.5 79.11 81.25 79.00 Dee 282.6 84.00 85.50 82.20 Dee 282.6 282.5 Dee 282.6 282.5 Be.00 82.25 Dee 282.6 90.35 82.50 82.25 Dee 282.6 90.35 82.50 82.25 Dee 282.6 90.35 82.50 92.25 Dee 282.6 282.5 Dee 282.6 Dee 282.6 282.5 Dee 282.6 Dee 282.6 282.5 Dee 282.6	Sep						<del></del>		High/Low	
Mary   144   1198   1178   1178   1175   1	May   144   1996   1175   1195   1195   1195   1285   1195   1195   1195   1285   1195   1195   1285   1195   1195   1285   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1195   1285   1216   1217   1216   12	Dec	1121	1176	1160	1100					
Sep   1182   1285   1185   1175   Dec   184.9   161.2   186.5   184.0   182.5   181.0   Dec   1203   1285   1215   1175   Mar   185.4   182.5   182.0   182.5   187.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.0   185.	Sep   1182   1285   1785   1775   1785   184.5   181.3   186.5   181.0   182.6   182								182.4		
Section   Sect	Add   1163   1216   1195   1	Sep	1182	1235 .	1195	1175	Dec	184.9	181.3	186.5	160.0
COFFEE "C" ST,800ths; cents/fbs   181,5   187,0   182,5   187,0   182,5   187,0   182,5   187,0   182,5   187,0   182,5   187,0   182,5   187,0   182,5   187,0   182,5   183,5   183,5   187,0   182,5   183,	May   186.6   183.5   187.0   182.6   182.5   187.0   182.6							185.4	181,2 182,5		
Sep 79.00 77.11   61.25 79.00   76.76   Close   Previous   High/Low   Sep 27.00   77.11   61.25 79.01   Sep 23476   23476   23770   23170	Close					11/0		186,5	183.5	187.G	
Sep   79.00   77.11   79.00   78.76   Ciose   Previous   High/Low	Sep   71.00   77.11   78.00   78.75   Close   Previous   HightLow	COTT					. —				182.6
Sep   234/6   237/0   231/6   231/6   237/0   231/6	Sep   234/8   234/8   237/0   231/8   238/8				<u>-</u>		MAIZI			610 bushel	
Mary 83.80 s1.81 83.80 s1.50 Sep 234/8 234/6 237/0 233/4 May 85.50 84.60 85.50 83.00 Dec 238/6 238/6 238/0 230/0 233/6 Sep 81.50 85.50 83.20 Be.00 Mary 24.5/6 244/0 246	Mar   \$3.80   \$1.81   \$3.80   \$1.50   \$5.50   \$2.40   \$2348   \$2346   \$2370   \$23.72	Sep Dec					_	Close	Previous	High/Low	
Sep	Rus 87.50 85.90 97.50 85.00 May 243/6 244/0 249/0 240/0 240/0 240/0 250/2 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 250/4 249/0 249/	Mar	83.60	81,81	83.60	81,50					
Sep   SS.50   SS.50   SS.25	Sep   Se.50   Se.50   Se.25   Se.50   May   348/2   249/2   249/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   251/0   253/2   248/4   253/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   243/0   253/4   253/0						Mar				
SUGAR WORLD "11" 112,000 [Re; certs/lbs   Dec 241/0 240/6 242/4 245/h  Ciose   Previous   High/Low   Dec 253/4 257/0 233/4 235/6 242/4 245/h  Oot 13.35 13.36 13.46 19.33   WHEAT 5,000 bu min; cents/folit-bushel    Jan 12.57 12.40 0 0   Ciose   Previous   High/Low    May 12.32 12.41 12.44 12.31   Dec 455/0 467/2 408/2 402/4    Jul 12.15 12.27 12.25 12.44 12.31   Dec 455/0 467/2 408/2 402/4    Jul 12.15 12.27 12.25 12.40   Dec 455/0 467/2 408/2 402/4    Jul 12.15 12.27 12.25 12.14   May 401/4 401/6 412/4 408/h  May 10.00 12.00 11.50   May 400/4 401/6 401/6 387/-    DOCT 10.00   Previous   High/Low    DOCT 76.65 75.61 76.70 76.85   Sep 370/4 372/4 370/4 3	Sept 12370 24370 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Sep	69.60	26.00	<b>89.25</b>	88-50	May		249/4	251/4	
Close	Section   Close   Previous   High/Low   Dec   233/4   223/0   233/4   223/0   233/4   223/0   Dec   233/4   223/0   233/4   223/0   Dec   233/4   Dec   Dec   233/4   Dec						_ Seo			253/2	248/4
Ciose Previous High/Low  Oct 13.35 13.38 13.49 19.33 WHEAT 5,000 bu min; centar/Solit-bushed light 12.54 12.63 12.67 12.63 Sep 360/2 382/2 391/0 387/2 light 12.54 12.63 12.67 12.63 Sep 360/2 382/2 391/0 387/2 light 12.55 12.27 12.25 12.14 Dec 455/0 407/2 408	Close	SUGA	R WORLD	<b>"11"</b> 112,0	og iþe: cen	ts/lbs	Dec	241/0		242/4	245/0
12.54   12.65   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.63   12.67   12.65   12.67   12.6	Sep   12.54   12.53   12.67   12.53   12.67   12.53   12.67   12.53   12.67   12.53   12.67   12.53   12.67   12.53   12.67   12.53   12.67   12.53   12.67   12.55   12.77   12.25   12.14   12.31   Dec   405/0   407/2   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4   408/2   402/4		Close	Previous	High/Low						
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May 12.32 12.41 12.44 12.31   Sep 350/2 32/2 391/0 357/6   May 12.15 12.27 12.25 12.14   Dec 405/0 407/2 408/2 602/2   May 12.15 12.20 12.00 11.80   Mar 411/0 414/6 412/4 408/4   May 400/4 401/6 401/0 397/6   May 77.55 75.61 76.70 77.65   May 77.45 76.55 77.45 76.95   May 77.53 77.00 77.65 76.90   Cot 72.04 77.60 72.20 77.65   May 77.50 76.75 77.90 77.65   May 77.50 76.75 77.90 77.65   May 140.90 Research   May 400/4 401/6 401/0 397/6   May 77.55 76.90 76.95   May 17.50 76.75 77.90 77.65 76.90   Cot 72.04 77.60 77.65 76.90   Cot 72.07 74.77 74.95 76.90   Cot 72.07 74.77 76.90 77.85   May 44.00 144.60 144.60 147.50 161.00   May 140.90 144.60 147.50 161.00   May 140.90 140.50 141.10 140.75   Cot 72.07 40.50   May 140.90 140.50 141.10 140.75   Cot 139.80 139.30 0 0   Cot 41.75 14.25 142.40 141.60   May 140.90 140.50 141.10 140.75   Cot 139.80 139.30 0 0   Cot 41.75 14.25 142.40 141.60   Cot 41.75 14.05 46.97 40.30   May 140.90 140.50 141.10 140.75   Cot 41.75 14.25 142.40 141.60   Cot 41.75 14.05 46.97 40.30   May 140.90 140.50 141.10 140.75   Cot 41.75 14.25 142.40 141.60   Cot 41.75 14.05 46.97 40.30   Cot 41.75 14.05 46.97 40.30   Cot 41.75 14.05 44.05 44.10 44.00   Cot 41.75 14.05 40.00   Cot 41.75 14.05	May   12.92   12.41   12.44   12.31   Sep   390/2   382/2   391/0   387/2	JOH Liter						Ciose	Previous	High/Low	
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Color   76,60   74,90   75,70   74,75   Close   Previous   Previ	Display	COLL					Jul '	368/2	368/4	369/D	
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Dec 68.35 68.35 68.90 68.46 Feb 73.05 73.55 72.8	Page			76.75					78.72 74.97	78.40	74.35
DRANGE SERCE 16,000 lbs; canta/lbs         Apr 71,05 72,50 72,22 71,77 72,50 72,20 72,20	Apr   74.05   74.57   74.60   73.56   74.57   74.60   73.56   74.57   74.60   73.56   74.57   74.60   73.56   74.57   74.60   73.56   74.57   74.60   73.56   74.57   74.60   73.56   74.57   74.60   74.57   74.60   74.57   74.60						Feb	73.05			
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127,4 49.18 (9/1/35) (3/1/75)

(28/11/47) (3/1/75)

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Basis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 17/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83, ☆ Nil 12-42.

#### LONDON STOCK EXCHANGE

# Drug stocks again feature equities

ANOTHER slack August day's trading provided the backdrop for a cluster of special situa-tion stocks in the UK equity market yesterday. The big investment funds stayed out of the way alread of tomorrow's publication of the UK trade figures for July but speculative interest was maintained by the defence documents from BAT industries and Plessey, the two most notable current targets, and also the bid from Japan for Lyphomed, the US pharmaceuical company.

The move against Lyphomed from Fujisawa Pharmaceuticals which aiready holds 30 per of the equity of the US firm, fed the interest among the UK

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Accou	nt Desling	Dates
Pirst Dealings: Aug 14		Sep 18
Open Peopers	Sep, 14	Sep. 28
Lest Destinger Sec 7	<sup>7</sup> Sep 15	Sep 29
Account Days .	7	
New Same clear	Sep 25	Oct 9
9.50 ant two bu	olitous days es	riter

drug stocks which had already been re-ignited by last week's favourable IIS regulatory reference to Wellcome's anti-Aids product. The Japanese move also reinspired the search for the next takeover candidate in the international pharmaceuti-cals industry in the wake of the merger of the successful Speculative interest was fuelled by reports that a leading US securities house had put together a consortium of takeover prospectors with a 235bn war chest primed for the

London equity market. However, none of these pros-pects did much for the broad range of equities which again fluctuated widely in thinnish trading. Many blue chips saw only modest turnover. The market opened briskly,

helped by a firm pound, and made good progress until some selling of the Footsie futures contract unsettled the leaders. Early gains were reversed, but

merger of SmithKline and Beethen recovered again as takeover speculation re-asserted itself. The impetus was then again lost when Wall Street made a slow start and by the end of the day, London shares had little to show for them-

> The FT-SE Index, briefly at 2,383.8, closed the session at 2,374.7, finally 0.4 down on the compared with the unimpressive 378.4m of Friday's similarly lethargic session. The UK GDP figures were

> taken calmly, although the fall of 0.4 per cent in the second quarter, the first quarterly dip since 1985, contrasted with expectations in the City of

market short yesterday and

prompted the early gains.

Queens Moat closed down

6% at 115%p following the 1-for-4 rights issue launched to

raise £141m towards the acqui-

their recovery to 293p, up 4, but Marley traded cautiously awaiting Thursday's interim figures, and ended 6 off 144p. Mr Simon Brown of Pruden-

tial-Bache thinks they will be

of some disappointment to the market. "The shares look fun-

damentally overvalued but the

hid speculation will not go away." he advised.

Sharply increased half-term profits put EBC, the construc-

tion company, up 10 to 195p while Stanley Miller pushed

higher still to 304p on Newcas-

Rentokil were prominent ahead of today's first-half results and ended 19 higher at

101p. County NatWest Wood-

Mac expects the group to unveil profits in the £27.5m to

£29m range. This would reinforce the securities house view

that Rentokill is an excellent

long-term growth stock. How-ever, it also believes that the

share price has run ahead of

events of late and recommends holders to take some profits.

Caird's acculsition of a

near-5 per cent stake in fellow

green stock Leigh Interests put

the latter up 14% to 373p. Further unsubstantiated talk

of stock buying-in and what

of stock buying-in and what would have been a very rare analyst's visit helped GUS "A" buck the trend, putting on 26 to close at 1110p in modest trade. Dealers said that a late buying order from Friday, completed this morning, was the

genuine reason for the rise.

Among the other retailers to report advances were Burton,

up 8 at 259p on turnover of

2.4m shares and buoved by several brokers' recommendations and interest in the New York-

A notable decline was posted by Body Shop, down 12 at 458p and ending several weeks of solid gains. County NatWest WoodMac has moved the stock

The defence document from Plessey against the GEC/Sie-mens bid cut little ice in the

stock market, where Plessey shares remained unchanged at

2560, signalling once again the belief that the acquisition of the defence and electronics group is effectively complete.

Turnover was sluggish, with only 241,000 Plessey shares traded as a few more investors

decided to take their cash at a discount in the marketplace

ted ADRs. and

from a buy to a hold.

up 5 at 341p.

tle development prospects.

Tarmac shares maintained

sition of three UK hotels.

another small gain. The data appeared to confirm the general view that, "domestic output and demand are slowing down quite sharply now," according to Mr John Reynolds of Prudential-Bache.

The stock market appears resigned, however, to the improbability of any reduction in domestic interest rates before the Spring. Analysts still warn of wage pressures. and of the danger these could pose for sterling. For the near term, however, the stock market is sanguine ahead of the UK trade figures news, and prepared to see a modest reduction in the June deficit of £1.5bn on current account.

#### Ord. Div. Yield Earning Yid %(full) P/E Ratio(Net)(2) 12.50 27,126 877.74 27,855 358.9 SEAC Bergeins(50m) Equity Turnover(Em)† Equity Bargeins† Shares Traded (ml)† Day's High 1983.2 10 a.m. 1970.8 1 p.m. 1970.8 Day's High 2383.8 1 p.m. 2372.0

Ordinary Shan

tinuing to take a positive line on the outlook for the group. Japanese buying was behind a firm performance from Brit-ish Steel. It closed a penny to the good at 78p on only moderate volume for the stock of 7.7m shares.

The announcement of a small order of Airbuses did little for British Aerospace shares which fell 9 to 701p.

The market awaited confirmation, or otherwise, of recent tales of UK Government and Far Eastern contacts for Trafalgar House. The shares firmed 6 to 417p on good vol-

A weekend press suggestion that Sunningdale, the Gold-smith/Rothschild/Packer con-trolled vehicle, may offer its 29.9 per cent stake in Ranks Hovis Macdongall to US buy-sut madellite Volthors Franks out specialists Kohlberg Kravis Roberts gave early impetus to the food group's shares. How-ever, the lack of hard information meant that buying interest was muted and the shares dropped from their high of 466p to end 3 better at 462p in thin

Stories of a debate between Eurotunnel and its contractors, which is building a tunnel under the Channel, under-mined the stock. It fell 38 to 830p. Mr Richard Hanna, of UBS Phillips & Drew, estimates that the project will cost £6.5bn, compared with the pro-spectus estimate of around £4.8bn and the last company forecast, earlier this year, of £5.5bn. "The overspending trend we've seen is very worry-

ing," he said.
The announcement that Suter had increased its stake in Hartons Group past 7 per cent helped the latter's shares

TRADING VOLUME IN MAJOR STOCKS Marts & Spencer

Maswell Corpus

Middant Bast

Kel Wist, Bast 4 996 7,706 6,100 191, 2,490 1,755 6-2,6

2 p.m. 1971.8

2 p.m. 2375.2

FINANCIAL TIMES STOCK INDICES

201.4

97.89 97.72 97.63

204.0 203.8 205.2

(6/2)

99.50

95.21

1447.8 (3/1)

S.E. ACTIVITY

97.55

20,977

Day's Low 1968.8

3 p.m. 4 p.m. 1972 5 1974.3

Day's Low 2368.1

3 p.m. 2378.4

climb 6 to 58p. But marketmakers soft-pedalled the idea of a full bid, saying that profit-takers had already been seen at this level. Suter eased a penny

late to close at 189p. The £484m bid for De La Rue from rival Norton Opax initially sent the shares in both companies sharply, if uncertainly, ahead. Norton eventu-ally ended 5 weaker at 155p while De La Rue touched 365p before settling a net 28 to the good at 356.

Thames Television con-firmed speculation that it was in talks that might lead to the acquisition of Reeves Commu-nications, a US television pro-duction and distribution company. Thames shares slid 4 to 560p as analysts said the company might have to pay \$100m for Reeves.

Interest continued to flicker in United Newspapers, boosted last week by Mr Conrad Black increasing his stake to 7.5 per cent; turnover was light but the shares rose 16 more to

Property group Priest Marians tumbled 30 to 505p after the company announced that it will report a pre-tax loss in its second half and will not be paying a dividend for the 1988-89 financial year. The shares would have fallen further, said dealers, but for spec-ulation about the 25 per cent stake held by Mr Simon Fus-

A rise of 51/4 to 3821/4p in Courtaulds owed much to a morning meeting recommenda-tion from broker Kitcat & Aitken. Sector analyst Mr Lawr-

sell, the recently-ousted chair-

ence Rubin expects currency considerations to give Courtaulds a short term boost while prospects for the medium term are enhanced by the likelihood of demand picking up when UK interest rates begin to fall. The shock of a first-half trad-

ing loss left Palma down 8 at

GPG, formerly Guinness Peat Group, came under pressure and fell to 191/4 before settling a net 7 down at 21p. The board was reconstituted earlier this year, and a management buy-out proposed just four weeks ago.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 21

# **Another** shot in the arm

The pharmaceutical sector was galvanised for the second trad-ing day in succession. A \$750m bid by Japanese pharmaceutical company Fujisawa for Lyphomed of the US came hard on the beels of Friday's encouraging news on the effective-ness of Wellcome's anti-aids drug Retrovir.

Wellcome traded around 15 better shead of the bid announcement then shot ahead to touch 737p before settling back at 729p, up 56 on the day. People are still more likely to upgrade than downgrade even at this level," said one analyst. Other drug stocks caught the mood after dull starts and between them constituted nearly one quarter of FTSE 100 risers. Fisons, which was locked in a wrangle with Lyphomed earlier this year over the right to supply an anti-pneumonia preparation in the US, added 11 at 356p. There has been long-running speculation that Fisons is a bid target, and some in the market felt that Fujisawa had shown itself

to be a potential bidder. But most analysts see a hid for Fisons as unlikely, especially from Fujisawa, as Lyphomed is known for its generic drugs, and is therefore attractive for its brands and customers rather than the research which makes Fisons desirable. Giaxo also firmed 6 to 1533p, while ICI bounced back from an uneasy week to close 18 ahead at 1287p. Reckitt and Colman advanced 12 to 1224p and Smith and Nephew managed a 2 improvement, as did Boots, to 145p and 297p

Hicago

A close inspection of BAT Industries stout defence against the Hoylake offer, and particularly chairman Sir Pat-rick Sheehy's concern about the stock market valuation of BAT shares compared with the underlying value of its busies, was taken to mean that a re-structuring of the group, was not entirely out of the

Sir Patrick said: "We have never taken a short-term view of the group but we appreciate that planning for the future remains a problem while the gap in value remains. We have, for some fline, been considering ways in which this gap can be eliminated; clearly this task is now more urgent."

US operators took the hint more seriously than London. While UK investors stood

around, traders noted a succession of medium-sized buying orders which, in fairly thin trading, raised shares BAT shares 20 to 833p. The UK conglomerate also announced intering profits some 20 per cent higher at 2813m along with a 22 per cent rise in the half-year dividend payment.

#### Midland stand out

Speculation that Hongkong and Shanghai Bank might be ready in increase its 14.9 stake lifted Midland Bank against the trend. The shares initially opened weaker but a sharp reversal of fortunes in mid-afternoon saw the price rise to a high of 378p, before it dropped back to close 11 better at 375p

on turnover of 4.8m. Dealers said that the sudden

prices into line.

The underlying market story, that Hongkong and Shanghal would increase it stake, was greeted cautiously. When the Far Eastern bank bought the holding in November 1987 it agreed not to add to it or reduce it without the prior permission of Midland. That standstill agreement standstill agreement holds until November 1990 and few analysts could see why either party would want to

change it.
Speculators may have been moving into Midland, suggested one analyst, in time for this morning's interim figures from Hongkong and Shanelei which could be -announcement about the has also been some vague talk Shanghai.

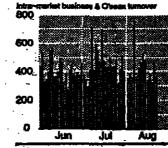
Concern about what some analysts believe was an overgenerous dividend and further profit-taking took the gloss off Royal Insurance. The compos-ite group's shares dropped 5 to 433p in spite of a profits upgrade from BZW, the securities house. BZW has raised its estimate for current year earn-

pick up in the price was down to two reasonably sized buying orders left over from last Fri-day. As marketmakers moved in to close the orders (one house was completing the purchase of \$00,000 shares) the Midland price shot shead as rival traders brought their

Shanghai, which could be accompanied by some sort of ble tie-up between the UK bank's merchant arm Midland Montagu, and James Capel, the based agency broker owned by Hongkong and

FT-A All-Share Index 1150

Equity Shares Traded Turnover by volume (million)



next year by £16m to £190m. BZW is, however, recommend-Royal in the short-term.

mendation; the sector's interim reporting season starts in early September and BZW expects an encouraging set of figures

last week's gains in Guinness, down 6 at 588p, and Grand Metropolitien, down 3 at 633p. Speculators were cautious of castle ahead of Thursday's annual meeting, and the shares dropped 1% to 409p on trade of

# ings by £27m to £245m and for

ing investors to take profits in Sedgwick the insurance bro-ker, climbed 9 to 259p after BZW reiterated its buy recom-

an encouraging set of figures from Sedgwick.

Among mixed brewers Bass and Whitbread "A" posted the only gains, adding 7 at 1128p and 2 at 381p respectively, in light trade. Selective interest from agency brokers failed to lift Allied Lyons, unchanged at 542 on turnover of 1.2m shares, while profits were taken after last week's gains in Guinness.

Carlton Communications were a firm market in small volume, rising 21 to 881p. Dealers said the rise stemmed from demand for Carlton late last Friday when one buyer was bidding for stock on the interdealer broker network some five pence above the market's best price at the time. This, combined with interest in the ADRs in New York, left the

(S (3) SHEWER SCALE (5) STOP

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# NEW HIGHS AND LOWS FOR 1989

rather than pursue the leng-thier process of accepting the consortium's cash terms of 270p a share. GEC, little changed at 276p attracted turnover of 2.3m shares, with the market con-

**APPOINTMENTS** 

#### **Finance** director of **Pentos**

■ Mr Patrick Hooper has been appointed finance director of PENTOS from September 1. He has been with the group for 12 years, and was finance director of subsidiary Pentos retailing group since 1988. BRITISH TELECOM

communications facilities management division has appointed Mr Derek Perkins as central support manager, a new post. He will co-ordinate the group's support programme, including customer training and product documentation, and will also evaluate and test new products. He will be responsible for maintaining quality standards, perticularly for the introduction of new network management products. Mr Perkins has been with BT for 26 years, latterly in research and development.

Mr Poter Hadsley Chaplin has been appointed a director of ROWE EVANS INVESTMENTS. Mr S.G. Mee

Mr Adam Seymour has been appointed director - corporate banking services, at CHARTERHOUSE BANK. He was vice president and UK area head of the leveraged capital division. Citibank:



ASDA PROPERTY HOLDINGS has appointed Mr Charles Briscue (above) as managing direc-tor of its development subsidlary, Asda Property Developments. He was a director with Wheatsheaf Investments, a subsidiary of the

Mr Douglas R.P. Baker has cinted chairman, and been appointed charman, and Mr Ken Culley becomes chief executive of the newly-merged REGENCY & WEST OF RNGLAND BUILDING SOCIETY. Mr Baker was until recently chairman of Touche Ross International, and is a director of Hardy Oil and Gas, London International Group. Marrett Holdings, and the London board of Bank of

Grosvenor Estate.

Scotland. Mr Culley was chief executive of the West of England Building Society prior to the merger, and is a director of West of England Homes, and West of England Estate

■ Mr Richard N. Barnes has been appointed finance director, BRITISH AEROSPACE (MILITARY AIRCRAFT), Warton, Lancs. He was senior vice president finance, and treasurer, of British Aerospace Inc, Washington DC.

> SECURITY PACIFIC HOARE GOVETT, a merchant bank, has appointed Mr Paul Kafka as vice president and head of corporate communications, with responsibility for the UK and continental Europe. After six years in banking with Lloyds Bank International and County NatWest, primarily in project finance, he joined Dewe Rogerson as an account ector in 1986.

■ Mr Kenneth J. Regan has joined EXECUTIVE SEARCH as a director. He was managing director of Himont U.K.

Mr Matthew Paine has been appointed general manager of MIDLAND BANK, Tokyo branch. He was country credit and risk manager for Midland Group in Japan.

■ MIDLAND OAK ESTATES has promoted Mr Richard Gay and Mr Michael Sheard to the board; Mr Gay as director responsible for the London office; and Mr Sheard as director responsible for project management and technical services, at head office, Kenilworth, Warwickshire

Dr Rodney Leach has been appointed a non-executive

director of NORTH WEST WATER, He was chief executive of Vickers Shiphuilding & Engineering.

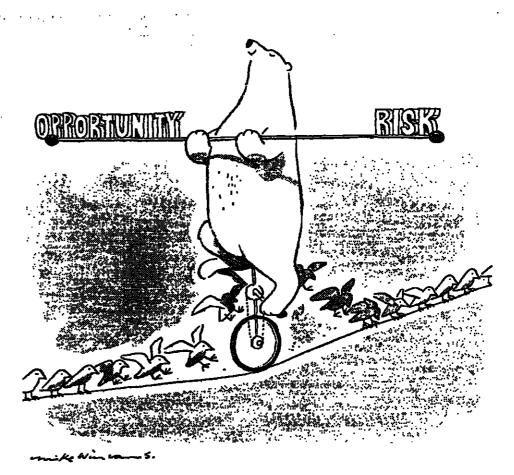
Mr Robert V. Wharton, deputy chairman and group chief executive, HIGH-POINT, has been appointed chairman of the Schaer division. TELINDUS, Newbury, has

to director of marketing and Mr Don Willis, sales manager, has been promoted to sales director of BARRATT

MANCHESTER.

promoted Mr Paul Strawbridge

UNION GROUP has appointed Mr Robert D. Rocklin (above) as finance director. He has been with the group since March last year, and was an audit manager with Price



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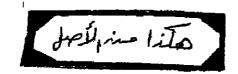
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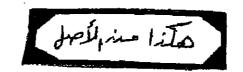
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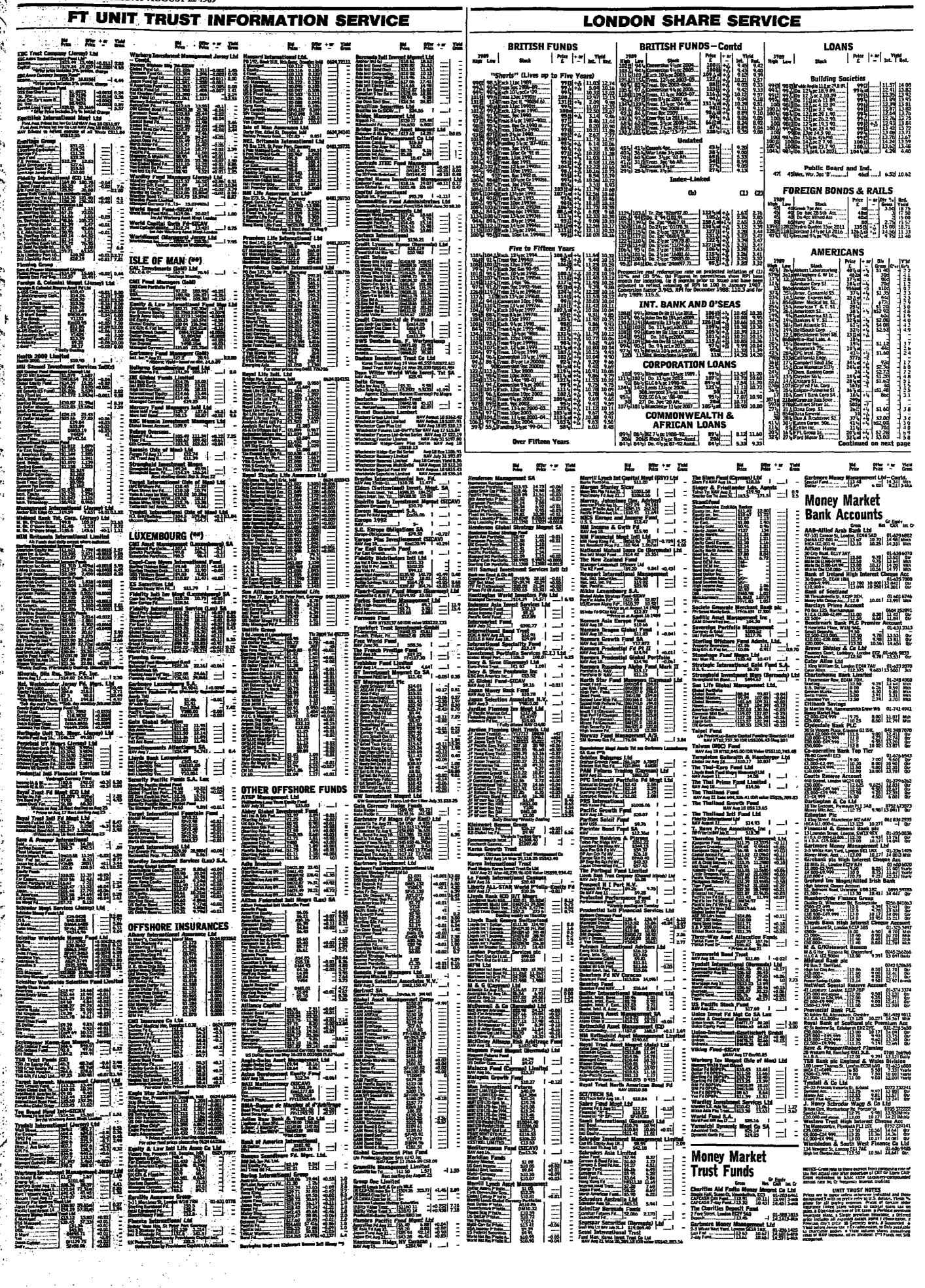
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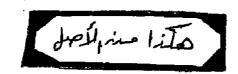




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COMPANY NOTICES

CHEMICAL NEW YORK CORP US\$300,000 FLOATING RATE SUBORDINATED CAPITAL

NOTES DUE 1997 In accordance with provisions of the Notes, notice

is hereby given that for the interest period from 22. August, 1989 to 22 November, 1989 the Notes carry

an interest rate of 9 per cent per annum.

The interest payable on the relevant interest payment date, 22 November, 1989 against coupon payment date, 22 November, 1989 against coupon

no. 19 will be US \$230.00 per US \$50,000 Note.

AGENT BANK CHEMICAL BANK

FINANCIAL TIMES
PUBLISHED IN LONDON • FRANKFURT • NEW YORK

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#### CURRENCIES, MONEY AND CAPITAL MARKETS

#### **FOREIGN EXCHANGES**

# Large order for sterling

that were moved into the pound, but the gilt market was

quiet and there was also no indication of heavy buying of equities. It may therefore be assumed that a large amount of sterling has been parked on short term deposit in the money market looking for a more permanent home.

Whether this is London could

depend on tomorrow's UK trade figures for July.

Yesterday's publication of second quarter UK Gross

Domestic Product data had no

strong impact on the market, but tended to confirm the recent slowdown seen in the

economy and were regarded

Second quarter GDP showed a surprising fall of 0.4 per cent, against a revised rise of 0.1 per

cent in the first quarter. This

slowed year-on-year growth to 1.6 per cent in the second quar-

favourably.

STERLING ROSE sharply yesterday, as a very large buy-ing order came into London from the Middle East. Dealers said the move appeared to follow the maturing of Japanese Government bonds.

It was estimated that about 3 per cent of the Japanese bonds in circulation matured yesterday, releasing some £10bn of liquidity. Market sources suggested that about 10 per cent, or £1bn of these bonds, were held by the Saudi Arabian Monetary Authority and a substantial part of this money was moved into sterling, against the background of high London interest rates and signs of improvement in the British economy.

Sterling broke through tech-nical resistance at \$1.5700 and through a further resistance point at \$1.5750, to close 1.30 cents higher on the day at \$1.5785. Demand for the pound also took it through resistance at DM3.0820, to a peak of DM3.0850, before sterling finished at DM3.0800 against

DM3.0625 on Friday. In terms of other major currencies the pound rose to Y224.75 from Y223.50; to SFr2.6525 from SFr2.6400; and to FFr10.3875 from FFr10.3250. According to the Bank of England sterling's exchange rate index rose 0.5 to 91.5.

There was no immediate sign of where the funds went

**2 IN NEW YORK** 

Aug. 21	Latest	Previous Close
£ Spot	1.5770-1.5780 0.63-0.62pm 1.90-1.86pm 6 28-6.18pm	1.5655-1.5665 0.62-0.61pm 1.81-1.78pm 5.90-5.80pm
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10	pm	91.5	91.0
30	pm	91.5	91.6

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Aug.21	Bank rate	Special <sup>®</sup> Drawing Rights	Egropean † Correscy Unit
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ed in terms of SDR and ECU.per £.

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#### Morgan Guaranty changes: average 1980-1982-100 Bank of England Index (Base Average

1985 = 1007 Rates are for Aug. 18 .						
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# **MONEY MARKETS**

# Rates hold steady

UK INTEREST rates moved within a narrow band in London yesterday in the absence of any fresh data to influence trading. Many investors remain convinced that the UK authorities will resist any move to reduce interest rates for the time being. At the same time they are likely to try and avoid a rise in rates because of the possible knock-on effect on

UK clearing bank base lending rate 14 per cent from May 24

mortgages and the rate of inflation. Three-month interbank money yesterday finished at 1313-1355 per cent from 1313-13% per cent while the one-year rate was unchanged at 13%-13¼ per cent. Rates appeared to be little affected by the much stronger performance by sterling but the yield structure continues to show a reverse curve from one-month out to one year, suggesting that in the market's view, bank base rates are likely to fall either towards the end of this year or the beginning of next year.

The Bank of England fore-

cast a shortage of around £500m. Factors affecting the market included bills maturing in official hands and a take-up

of Treasury bills together with repayment of any late assistance draining £1,268m and banks' balances brought forward £90m below target. These were partly offset by Exche-quer transactions which

drained £300m and a fall in the note circulation of £505m. The Bank gave assistance in the morning of £26im through outright purchases of £17m of local authority bills and £244m of eligible bank bills all at 18% per cent. The forecast was revised to a shortage of around £600m, and the Bank gave further help of £70m in the afternoon through £60m of eligible bill purchases in band 1 and £10m in band 2, all at 13% per cent. Late help came to £235m, making a total of £566m.

In Frankfurt, call money was a little more expensive as commercial banks continued to make corporate tax payments. Banks' reserve holdings with the Bundesbank have fallen slightly as a result and unless the authorities reduce the minimum reserve requirement for August, which seems unlikely. there may be a fresh injection of liquidity tomorrow when the Bank will make allocations for an expected sale and repurchase tender, to replace a maturing agreement of

DM8.4bn.

#### **FINANCIAL FUTURES**

# West German bonds rise

Britain's inflation rate for 19 months and also came after figbonds finished towards the day's high in Liffe trading yesterday. Trading volume at around 17,000 was down from ures indicating a sharp down turn in the level of retail sales. A more optimistic view of the economy has led to forecasts of an improvement in the UK trade position. A survey by MMS International suggests a small narrowing of the current account deficit to £1.4bn in July from £1.5bn in June, but some City estimates are for a figure below £1bn.

As attention focused on sterling the dollar was contrast-ingly quiet. The Bank of Japan intervened to sell an estimated \$200m in Tokyo. This discouraged any thoughts of pushing the US currency up to resistance at DM1.97 against the D-Mark and led to profit tak-

ing.
The dollar fell to DM1.9515
from DM1.9555; to Y142.40 from
Y142.75; to SFr1.6805 from
SFr1.6860; and to FFr6.5800
from FFr6.5950. On Bank of England figures the dollar's

ter from and from same per This f news o	2.4 per cent n 4.6 per c riod last ye ollowed la f the fir	econd quar- in the first ent in the ar. st Friday's st fall in	Y142.75; SFr1.686 from FR England index fel	to SFr 0; and to 76.5950. figures 1 to 71.3 f	
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Apr. 21	Day's spread	Close	One mosth	% p.a.	Tipree months	% pa
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anada	1.8385 - 1.8530	1.8520 - 1.8530	0.26-0.18cpm	1.43	0.72-0.59pm	
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V. Germany		3074-3.084	13-13-pfpm	7.06	54-43pm	1 64
ortuga!		27.60 28.60	32-16com	1.12	8-72ds	-0.6
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Ang 21  Ki salah s	1.4770 - 1.4850 rates taken (ovards Six-month forward of Six-six-six-six-six-six-six-six-six-six-s	the end of Losdon tr loilar 3.51-3.46cpm FORWAR Close 1.5720 - 1.5790 1.3770 - 1.3650 1.1740 - 1.1730 40.75 - 40.85 7.579 - 7.50	ading. Belgian rati 12 months 6.11-6.  D AGAIN  One month  0.67-0.65cpm  0.12-0.07cpm  0.34-0.37cpis 0.34-0.32cpm  3.00-1.50cpm  gar-0.25crefts	ST % p.a. 5.02 0.84 -3.63 1.79 0.66 -0.20	THE DOL Three mouths 1.84-1.81pm 0.44-0.34pm 0.44-0.34pm 7.00-4.50pm 7.00-4.50pm 7.00-4.50pm 7.00-6.51.105ds	% pa. 4.64 1.14 -3.22 1.55 -0.40
cu commercial 4.60-64.70  DOLL  Ang_21  Kt commercial c	1.4770 - 1.4850 rates takes towards Six-month forward or Spread 1.5600 - 1.5790 1.1725 - 1.1780 2.1995 - 2.2175 40.75 - 41.15 7.594 - 7.634 1.9500 - 1.9670	the end of London tr ioilar 3.51.3.46cpm FORWAR Close 1.5700 - 1.5700 1.3770 - 1.3660 1.1740 - 1.1750 2.1975 - 2.205 7.5912 - 7.50 1.9505 - 1.9515	ading Belgian rati 12 mgoths 6.11-b.  D AGAIN  One month  0.67-0.65cpm  0.12-0.07cpm  0.34-0.37cdis  0.34-0.32cpm  3.00-1.50cpm	S COMM COLPAN S A S A S A S A S A S A S A S A S A S A	THE DOL Three mostles 1.84 1.81.pm 0.94-0.34.pm 0.93-0.98.ds 0.90-0.85.pm 0.65-1.05.ds 0.92-0.89.pm	LAR % p.a. 4.6 1.1: -3.2: 1.5: 0.5: -0.4:
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EL		IRRENC	not to the least	ridual carrency.	Belgian rate is	rreigi. Forward s for convertible
Aug.21	Short.	7 Days	One	Three	Six	One
	term	notice	Month	Months	Months	Year
terling S Dollar an. Dollar an. Dollar an. Dollar Guilder W. Franc eutschmark r. Franc allan Lire . Fr. (Fu) . Fr. (Con.) ert . Rrose cian SSing	14-13-4 	138 127 128 127 124 127 124 128 124 128 126 12	134-132 983-1111 124-714 74-714 983-94 984-94 124-114 984-94 98-94 98-94 98-94	13 11 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	13	13-13-1 8-18-1 11-7-2 7-8-0-1 12-8-1 12-8-1 12-8-1 8-8-1 8-8-1 8-1
Long term Eurod	oflars: two year	rs 853-852 per c	est: Usree years	9-8% per cest;	tour years 9-8	4 per cent; five
ears 9&-812 per cest	secrinal. Shor	t term rates are	call for US Doll	lars and Japane	us Yes; others, b	no days' notice.

Long te n 928	ran Eurodo 2 per cest	ilars: two sominal. S	years 8¦3- mort term	खास इन्ह ( 8) है be. व	st: Ubree y zell for US	ears 9-87 Dollars a	për cest; ed Japanes	four year; e Yes; oth	9-87 pe	r cent; 1
		E	CHA	NĢE	ÇRO	)SS	RATE	\$		
Aug 21	1	S	DM	Yes	F Fr.	S Fr.	H FI.	Lina	CS	B Fr
Š	0.633	1 <i>57</i> 9	3.080 1.951	224.8 142.4	10.39 6.580	2653 1680	3.473 2.199	2207 1398	1.853 1.174	64.49 40.7
DM	0.325	0.513	1	72.99	3.373	0.861	1.128	716.6	0.602	20.9
YEN	4.448	7.024	13.70	1000.	46.22	11.80	15.45	9818	8.243	286
F Fr.	0.962	1.520	2.964	216.4	10	2.553	3.343	2124	1.783	61.9
S Fr.	0.377	0.595	1.161	84.73	3.916	1	1.309	831.9	0.698	24.2
H FI.	0,288	0.455	0.887	64.73	2.992	0.764	1	635.5	0.534	18.5
Ura	0.453	0.715	1.3%	101.9	4.708	1.202	1.574	1000.	0.840	
C S	0.540	0.852	1.662	121.3	5,607	1.432	1.874	1191	1	34.7
B Fr.	1.553	2.452	4.783	349.1	16,13	4.120	5.393	3427	2.877	100.

the record of just under 40,000

lots which changed hands on Friday but was still almost as much as short sterling and the long gilt contracts put together. Demand for the September contract increased after the price managed to hold support levels, having touched a low of 94.73. The price came LEFFE LING GILT FUTURES OPTIONS ESO,000 64th, of 180%

Sep 0-00 0-00 0-01 0-03 0-20 1-05 2-02 362 262 163 161 018 000 LIFFE S/S OPTEMS 625,080 (cests per \$1)

Pats-Sep 0.00 0.03 0.27 1.37 4.06 8.19 12.99 7.60 3.98 1.78 0.64 0.19 Estimated volume total, Calls O Pots O Previous day's open lpt, Calls 250 Pots 17 LONDON (LIFFE)

Estimated volume 6999 (1,4821) Previous day's open Int. 32748 (31962) Estimated volume () (0) Previous day's open int., () (0)

Close High Low Pres, 106.74 106.76 106.65 106.66 106.31 106.35 106.17 106.24 Estimated volume 345 (398) Previous day's open int. 1205 (1209)

Est. Vol., Gac. figs. not shown) 10435 (21783) Previous day's apen inc., 98739 (98414) THREE MONTH EURÓBOLLAS Slas points of 108% Est. Vol. (inc. figs. not showe) 461,6 (6742) Previous day's open Inc. 52309 (51921) THREE MONTH SUNDA DM 1m points of 100%

92.98 92.97 93.17 93.27 92.93 92.93 93.35 93.25 Prot. 92.93 92.94 93.09 93.23 Estimated volume 3413 (5042) Previous day's open int. 15290 (14109) 1,5w 2368.0 2416.0 Pret. 2377.0 2420.0 Estimated volume 1832 (1912) Previous day's open lat. 21588 (21301) POUND-S (FOREIGN EXCHANGE 1-esth. 3-esth. 6-esth. 12-esth. 1-5719 1-5603 1-5437 1-5129 DIN-STERLING So per S Lates High Low Pres. 1.5676 1.5714 1.5644 1.5594 1.5494 1.5530 1.5464 1.5416 - 1.5242

FT LONDON INTERBANK FIXING

MONEY RATES NEW YORK Treasury Bills and Bonds Lunchtime Gre Month 6.85-7.00 874-9 714-774 7.18-7.28 514-514 814-814 914-10 6.85-7.00 874-7 714-73 7.18-7.28 51-52 123-13 82-85 10-104 £85-7.00 87<sub>8</sub>-9 7.00 8.75

LONDON MONEY RATES									
Apg.21.	Overnight	7 days notice	One Month	Three Mostles	Six Months	One Year			
iterbank Offer Iterbank Bid Lerling CDs	14½ 13¼	1319	137 134 134 134 134	131	135	137			
ocal Authority Deps ocal Authority Boods Iscount Mikt Deps	137	1311			137	E.			
ompany Deposits Inance House Deposits	- 1	138		134	選	130			
reasory Bills (Boy) ank Bills (Buy) ipe Trade Bills (Buy)	:	=	1316 1316 1316 1316 1316 1416	134		:			
ollar CDs DR Linked Dep Offer	- 1	=	8.90 83 <sub>4</sub>	8.85	128 138 8.80 8.3 8.4	8.75 8 4			
DR Linked Dep 816 CU Linked Dep Offer CU Linked Dep 81d		:	81 94 94		94	81, 81,			

its withdrawn for cash 5 per cent

WEST GERMAN Government back to finish at 94.89, up from in UK base rates by December but many traders regard this day's high in Liffe trading yes on Friday.

Short sterling futures were largely overlooked on one of the quietist trading days for some time. The most traded December contract moved in a five tick range to finish unchanged from Friday at 86.92, but at this price is still regarded as being expensive in relation to its cash equivalent. The futures price continues to

discount almost a full point cut LIFFE US TREASURY BOND FUTURES OFTINKS 5100,000 64Ms of 180% 045 0-59 1-15 1-41 2-51 2-51 2-51 2-51 2-51 2-51

Estimated volume total, Calls 350 Pats 0
Previous day's own lot. Calls 6220 Pats 7011

PRILABELPHIA SE SAS OFTENS CS1.258 (cods per CI)

I.S. TREASURY BOKRS (CBT) : 5198,600 12nd of 190% 97-11 97-11 97-13 98-23 98-13 %-28 %-27 97-00 %-25 %-10 %-13 BEUTSCHE MAIN (DIEM BN125,000 S per DN 91.22 91.39 91.63 91.59 91.44 91.23 91.30 1196 91.44 91.46 91.62 91.47 91.26 91.30 91.30 # Pro Pro Pro 347.95 347.95 347.95 351.25 352.25 352.25 352.25 352.25 356.22

**EUROPEAN OPTIONS EXCHANGE** Vol Last Vol Last Vol Last 100 0.50 - - - -Gold C FI. 315 FI. 325 FI. 325 FI. 336 FI. 336 FI. 315 FI. 325 FI. 326 20 14 13.50 13.50 30.20 5.50 3.60 3.30 4.60 6.20 10.50 9.68 4 2.190 1.200 3.349 1.450 15 67 47 6.10 b 9.60 14 8.50 R. S. 22 S. S. 41 6.40 3.40 1.50 0.80 1.20 2.80 === 50 . -2.80 8 a

7.10 6.30 1<u>7</u> 270 : 330 - 5 - - 8 - 228 - - - 53 - -4.30 4.50 52 35 13 25 3.80 4.50 7.50 2.20 2.90 290 450 -50 3 4.50 5.90 3.30 2.90 13 10 3.50 5.40 TOTAL VOLUME IN CONTRACTS: 38,360 B = B1d C=- Call

BASE LENDING RATES

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SN Bank.  San & Company  San & Sn &	14 14 14 14 14 14 14 14 14	Ctydesdale Bank 14 Cusum Bit Ji East 14 Cusum Bank Pic 14 Euraturial Bank pic 14 Robert Fraser & Ptins 14 Euraturial Bank pic 14 HFC Bank pic 14 Heritable & Gen Ine Birk 14 Heritable & Gen Ine Birk 14 Hill Samuel 14 Hill Samuel 14 Hill Samuel 14 Li Harause 14 C Hisare & Co 14	NatiWestmiester Northern Bank Ltd Provincial Bank PLC R. Raphael & Soos Rootingte & rantee Royal Rt of Sootland Royal Trast Bank Standard Chartered TSB United Mizzahi Bank United Mizzahi Bank United Mizzahi Bank Westen Trust Westen Trust Westen Bank Pic Westen Bank Pic Westen Bank Pic Westen Bank Pic Westen Bank

Leopold Joseph & Sons \_ Lloyds Bank Ltd \_ Meginza Bank Ltd \_ McConnell Doesglas Bak

Midland Bank

 Members of British Merchan Backing & Securities Houses Association, \*\* Deposit now 5.9% Socretice 8.5%. Top The CLO.000+ instant access 12.8% & Mortgage hase rate. § Demand deposit 9%. Mortgage 13.25% - 15%.

US Treasury bond prices finished on a stronger note, closing at 97-10 for September delivery from 97-01 at the open-ing and 96-13 on Friday. Much of the firmer tone reflected technical demand as investors covered short positions. Moreover, traders face a week of US Treasury refunding auctions, which are likely to keep values

subdued. LEFFE SUMD FUTURES OFTENS DAZSO,086 points of 108% Pots-Sep 0.00 0.00 0.06 0.20 0.62 1.11 1.61

173 136 105 078 039 025 LIFFE SHORT STEILING OPTIONS ESGO, DEG paints of 100%

Pats-Sep 0.02 0.05 0.09 0.26 0.49 0.72 0.96

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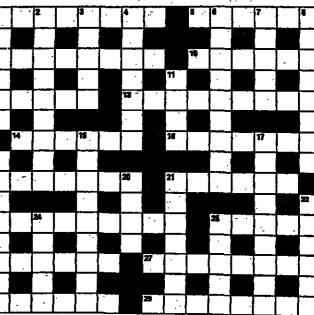
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JOTTER PAD

#### **CROSSWORD**

No.7,018 Set by MUTT



ACROSS
1 Punctuation mark is a point

to settle (8) 5 Jug that has to be guarded

(6)
9 Turn north at Denver: pre-pare to be shaken (8)
10 Limited at present without a hishop (6) 12 Get the wind up? (5)

12 Insect is a scaly creature, and knowing (9) 14 Bully the old Greek? (6) 16 Neat, I've developed a natural simplicity (7)

19 Player taking a turn about the ship (7) 21 Hefty girl doing a double-hitch? (6) 23 Rejected Mona: Louisa I left distracted - it's irregular

25 h turns colour when worn

(5)
26 No return on gold, for example, in this state (6)
27 Rules of procedure for a mule would be ludicrous (8)
28 Want to get right in the end

(6) 29 Ringing soldier-boy at about noon (8)

DOWN 1 Many an 8 may be inclined to pluminess (6)

2 Colonel, I estimate this part
to be the most isolated (9)

3 Thorn adapted to the number

(5) 4 Open-handed poet? (7)

6 This brings one to a logical conclusion (9) 7 Letter's cross-stroke shoots

up (5)
8 One who has just joined the union (5-8) 11, 20 Wagon Mac used for panelling (8)
15 Exit a wet youth, stumbling

(3,3,3) 17 Real dames squirm when she appears (9) sine appears (9)
18 Managed on nothing, settled without having a persecution complex (8)
20 See 11

21 Made-to-measure buzzer holds the footnote up all right (7)

23 Notice an opening coming 24 The last order - time's up

25 Beat the typist, love (5) Solution to Puzzle No.7,017

SAUCHO POTAS NO.7,017

BRONGO ANGESTON
O D R O P N O
LAOUED SUSINESS
S N E O N P T S
FRUELOVE THWANT
E M S E A A T
ROSE PHISONGATE
E R A U Y V
SUBREALUST DETA
ESCAPE MARYLAND
T O O S U C O R
ABSINTHE DEFTILE
ANSWERED IMAGES

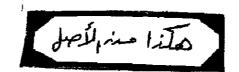
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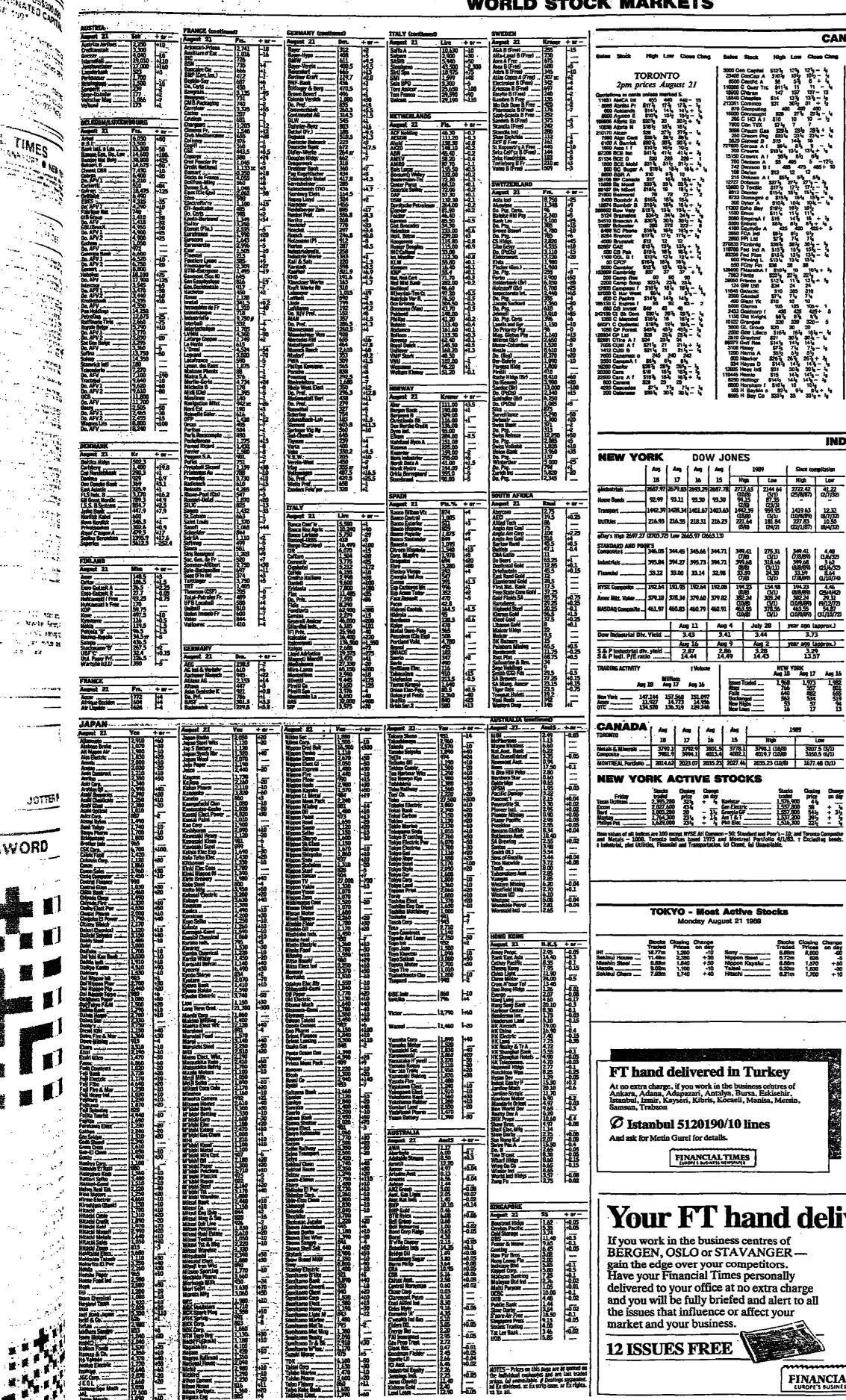
JOTTER

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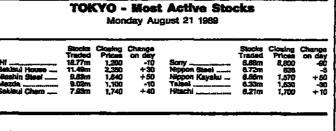


#### WORLD STOCK MARKETS



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10036 ABrita N 51812 1814 1814 1814 1814 1814 1814 1814	3996 Croum Gas 5394 294 294 4 4 250 Crosser Pag 5234 234 234 24 59.25 Coomet 8 535 144 15 727823 Coross A 1 594 84 9 - 4 300 Crosser Stale 134 134 4 15130 Crosser 8 534 134 134 4 15130 Crosser 8 554 65	80 Kerr Asid \$20 20 20 20 3603 Lubum \$25% 25% 25% 25% 25% 25% 25% 25% 25% 25%	60210 Saskoli \$12½ 12½ 12½ 2601 Scopere 475 470 470 950 Scott Paper \$16½ 18½ 18½ 8690 Scotts   \$19½ 19½ 19½ 19½ 1 500 Scotts C \$19½ 19¾ 19¾ 19¼ 14
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2000 Bomber A. S16 <sup>1</sup> 4, 16 <sup>1</sup> 5, 18 <sup>1</sup> 4, 18674 Bomber 8. 516 <sup>1</sup> 4, 18 <sup>1</sup> 5, 16 <sup>1</sup> 4, 1 <sup>1</sup> 4, 18674 Bomber 8. 516 <sup>1</sup> 4, 18 <sup>1</sup>	5733 Dumagmi q \$154, 154, 154, 154, 15 300 Dyser A \$104, 104, 104, 104, 1 15300 Enbo Bay \$194, 196, 194, 1500 Embo \$114, 114, 114, 114, 150 Embo \$114, 114, 114, 15, 1500 Embreck f \$15, 144, 15, 14, 15, 14, 15, 14, 15, 14, 15, 15, 14, 15, 15, 15, 15, 15, 15, 15, 15, 15, 15	8554 Macmilan 512 12 12 12 12 12 12 12 12 12 12 12 12 1	77:50 Southam \$33\2 33\2 33\2 12\8 + 12 12500 Soor Aero 1 512\8 12 12\8 + 12 6100 Stotrog A 1 551 50\1/2 51 - 1\2 18773 TC Bee 512 11\6 11\8 74742 Teck B 1 527\6 23\2 400 Tember A 510\8 10\8 10\8 + \8
ESSA Brancor S174, 17 2 77 5 2 4 4000 Brunswist S12, 12, 12 12 12 12 12 12 12 12 12 12 12 12 12	3850 FCA ind 691 <sub>2</sub> 91 <sub>2</sub> 91 <sub>2</sub> 2800 FPI Ltd 571 <sub>2</sub> 71 <sub>4</sub> 71 <sub>4</sub> 270333 Fchbridg 5391 <sub>4</sub> 381 <sub>3</sub> 381 <sub>4</sub> - 5 119786 Fed Ind A 5157 <sub>2</sub> 155 <sub>3</sub> 155 <sub>4</sub> - 1 <sub>4</sub> 38359 Fed Ind A 5157 <sub>4</sub> 155 <sub>4</sub> 155 <sub>4</sub> - 1 <sub>4</sub> 900 Finning L 5131 <sub>4</sub> 131 <sub>4</sub> 131 <sub>4</sub> 550 FChy Fin 538 38 128600 FMarama 7 5101 <sub>8</sub> 10 101 <sub>8</sub> + 1 <sub>8</sub>	20971 Mohann A.I. \$37 \( \) 37 \( \) 4 \( \) 7 \( \) 4 \( \) 57885 Moore \$\) \$34 \( \) 28 \(	1957 Terra Mn 33 33 35 1 23862 FOR Dm 8k 5214 2026 274 4 4 450 Ter Sun 5214 2026 2512 4 8 8400 Terstur 8 7 537 37 37 37 4 27700 Tenth Per 5204 2016 2016 2016 4 1 16174 Trinding U 5143 1415 1412 4 1 24145 Tefan PL 5163 1614 1614
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								IND	ICES				_		
NEW YO	EW YORK DOW JONES					Aag.	Aog.	Aug.	Aug.	1989					
	Aug	Aug	( Aug	Aug i	ł	1989	Since on	mpifation		21	18	27	16	High	Low
	18	ע	16	15	High	Low	Klgh	Low	AUSTRALIA Ali Ordinaries (1/1/80)	1722.5	1717.0	1726.7	1719.4	1726.7 (17/8)	1412.9 (7/4)
øksdastrials Home Boads	2687.97 92.99	2679.83 93.11	2693.29 95.30	2687.78 93.30	2712.6 00(8) 94.15	370 2735	2722.42 (25/8/87)	4 <u>1,22</u> (2/7/32)	All Mickey (1/1/80) Al/STRIA	813.2	811.4	818.7	815.2	818 7 (17/8)	652.6 (7/4)
Transport	1442.39	1428.34	1401.67	1403.63	1200		1419.63	12.32 08/7/320 10.50 18/4/320	Credit, Akties (30/12/84)	397.51	396.04	395.92	396.62	397.51 (21/8)	219.5 (2/1)
lviities	216.93	216.55	218.31	216.23	(18/8) 221,64 (8/8)	(3/1) 181.84 (24/2)	0.0/8/89) 227.83 (22/1/87)		BELGIUM Brussels \$E (1/1/80)	6483.89	6433.97	6400.55	(a)	6483.89 (21,8)	5519.30 (4/1)
¢Day's High 2697.27		Low 26	65.97 (2)	63.13)			1		DENMARK Copenhagen SE (3/1/83)	343.30	9	341.17	336.96	356.65 (12/7)	275.49 (27/2)
STANDARD AND POK Composites	346.05	344.45	345.66	344.71	349,41 (7#3)	275.31	349.41 (7/8/89)	4.40 11/6/32)	FINLARIO Unitas General (1975)	779.1	779.2	774.8	772.3	815 8 (18/4)	723.3 (4/1)
industrials	395.84 33.12	394.27 33.00	395.73 33.14	394.71 32.98	7/80 399,68 8/80 33.59 7/80	318.66 CVIII 24.30 CVIII	399.68 (8/8/89) 33.59 (7/8/89)	3 62 (21)6/325 8.64 (1/10/74)	FRANCE CAC Georgal (31/12/82) Ind. Tendance (30/12/88)	506.3 121.3	508.2 121.3	509.6 122.6	509.8 122.2	509.8 (16/8) 122.6 (17/8)	417.9 (4/1) 97.5 (27/2)
NYSE Composite Arrex Mitt. Value	192.64 379.18	191.95 378.34	379.60	192.08 379.82	194.23 (8/8) 382.24 (10/8) 463.55	154.98 (3/1) 305.24	194.23 (8/8/89) 382.24 (10/8/89)	4.46 (25/4/42) 29.31 (4/12/72) 54.87	GERMANY FAZ Akties (31/12/58) Commerciank (1/12/53) DAX (30/12/87)	658.13 1970.0 1603.01	650.24 1945.2 1575.77	650,27 1945.2 1576.16	655.82 1962.0 1581.04	664.22 (10/8) 1990.1 (10/8) 1609.93 (10/8)	535.78 (27/2) 1595.7 (27/2) 1271.70 (25/2)
NASDAQ Composite	461,97	460.83	460.79	460.91	CT0/80	מאַט	463.55	G1/10/72	HONG KONG Kang Seng Bank (31,77/64)	2528.75	2573.16	2616.98	2535.90	3309.64 (15/5)	2093.61 (5/6)
Dow Industrial Div	. Yield .	3	9 11 .43	Ang 3.4)		July 28 3.44	year ago (approx.) 3.73		ITALY Basca Com. Ital. (1972)	720.41	715.29	706.65	693.22	720.41 (21/8)	577.49 (28/2)
S & P Industrial di S & P Indi. P/E rat	v. yield . io	1 2	g <u>16</u> .87 1.44	2.8¢ 14.4	5	Aug 2 3.28 14.43	year ago ( 3,2 13,		JAPAN Nikied (16/5/49) Tokyo SE (Yopks) (4/1/68)	35140.83 2659.08	35063.14 2652.50		35084.1 2650.61	35140.83 (21/8) 2659.09 (21/8)	30183 79 (5/1) 2366 91 (6/1)
TRADUNG ACTIVITY		Billion; se 17	† Votoss Aug 16	`   ;	Issues Trad	Ang	968 1.97	1 1982	NETHERLANDS CBS Ttl.Rtm.Geo.(End 1983) CBS Ali Shr (End 1983)	264.7 205.9	264.2 205.5	266.2 207.0	265.2 206.3	266.2 (1.7/8) 207.0 (1.7/8)	208.3 (3/1) 1,66.7 (1/3)
New York 14		157.560 14.773 136.319	157.09	,	Rises Falls Unchanged		766 95 640 88 562 53 53 5	7 801 2 655 4 519	KORWAY 0sio SE (2/1/83)	655.41	659.63	654.99	648.29	668.90 (L4/7)	467.17 (2/1)
Agree	1.927 4.520	136.319	14.95 129.24		Unchanged New Highs New Lours		53 5 16 1	7 %	SINGAPORE Scraits Times and (30/12/66)	1387.01	1381_49	1375.56	2377.30	1387.01 (21/6)	1030.69 (4/1)
CANADA TORONTO	AM IS	`∤ ``	- 1	ing   .	As (	. Nick	1989 .		SOUTH AFRICA JSE Gold (28/9/78) JSE Industrial (28/9/78)	1659.02 2815.04	1660.0 2812.0	1637.0 2797.0	1660.0 2782.0	1685.0 (3/8) 2815.0 (21/8)	1291.0 (15/2) 1961.0 (3/1)
Metais & Minerals Composite	379		929 3		3778.1 4002.1	High 3790.1 (18/ 4019.7 (10/	8) 320 8) 336	7.5 G/U 0.5 (6/U)	SPAIN Madrid SE (30/12/85)	314.74	313.18	312.11	311.42	315.90 (13/6)	268.61 CL/3)
MONTREAL Portfolio	2014	_			027.46	2035.23 (10		7.48 (3/1)	SWEDEN Jacobson & P. (31/12/56)	4544.0	4595.2	4602.1	4660.3	4660.3 (26/8)	3333.9 (3/1)
NEW YO	RK	ACT	LIVE	ST	OCK	S			SW/TZERLAND Swiss Bank lad. (31/12/58)	811.4	810.3	812.0	813.4	\$21.7 (9/8)	613.T G\ID
Friday Teas Utilities	Stock tracks 2,395	5 Clo 200 3	sing C2 ice 04 23 <sub>4</sub> + 34		istar	1 1	tods Clos raded pris	e on day	WORLD M.S. Capital Hoti. (1/1/70)	(u)	538.2	536.3	539.4	551.2 (3/8)	487.6 (13/6)
Erron	2,027, 2,003, 1,764, 1,629,	200 2 300 2	34 0 - 34 + 35 +	11/2 Geo	Electric egla GF T & T I Elec	\	557,800 58 557,800 54 537,200 39 516,300 22	+ 3/2 + 3/2	♣ Subject to official reca	liculation					



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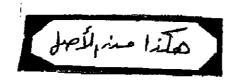
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**AMERICA** 

# Dow slides as focus turns to interest rates

**Wall Street** 

THE market was firmly back on the defensive yesterday morning, with all important indices falling as investors continued to take profits and the US Treasury bond market pulled back from its early gains, writes Janet Bush in New York.

At 130 pm, the Dow Jones Industrial Average was quoted 15.36 points lower at 2,672.61 on sluggish volume of 69m shares. August is traditionally a holiday month and many investors and traders are away.
The Dow Jones index has

been struggling for around two weeks to surmount its all-time peak set on August 25, 1987, of 2,722.42. Its attempt has run into increasing trouble. The Dow has only managed to close above 2,700 on one occasion and that was on August 10, more than a week ago. Yesterday's pull-back came

at the same time as bonds fell from early highs. The Treasury's benchmark long bond stood ½ point higher in mid-morning but then pulled back to stand only % point higher at

Interest rates are a focus for both markets this week as the Federal Open Market Committee, which sets a target for Fed Funds, starts its meeting The bond market has been

under pressure during the last two weeks because of a heavy schedule of new issues and a run of economic data which shows more economic strength than expected; it has confounded those who believed a recession was on the way. These developments are probably ambiguous for the equity market. On one hand,

the stock market does not

want to see a recession

because of its negative impact

on corporate profitability. On

the other, last week's strong economic data probably means that the Fed will not lower interest rates any further. There is a broad consensus now that the FOMC will vote for an unchanged policy.
There seems to be little pros-

pect of any news this week which would give equities the boost needed to reach an all-time high. There is hardly any economic data in prospect. The July budget deficit was due to be announced early yesterday afternoon but was not expected to have much impact.
The only other economic

news of note is today's July durable goods order release. This is a difficult number to predict as goods orders are one of the most volatile statistics. Rine chins were weak vesterday morning. Coca-Cola was quoted \$1 lower at \$65%, IBM eased \$1/4 to \$114%, Philip Mor-

eral Motors slipped % to \$45%.

It is notable that both cycli-cal stocks such as IBM and consumer non-cyclicals such as Philip Morris were weak, evidence that neither belief in a soft landing nor a recession is helping the market.

Among featured issues Lyphomed jumped \$7% to \$30% in over-the-counter trad-ing on news that Fujisawa Pharmaceutical, which holds around 30 per cent of the company, had offered to acquire the remaining shares for \$31

Also on the OTC market, Carrington Laboratories fell \$3% to \$31% on a US press report that the company had been accused of supplying incomplete and inaccurate test data to the Food and Drug Administration. Carrington

denied the charges.

Whittaker added \$\% to \$12\% on the New York Stock Exchange after agreeing in principle to sell its chemical coatings group to Sherwin-Williams which eased \$\% to

UAL continued its meteoric rise, adding \$3% to \$273% in the wake of news that British Airways plans involving itself in UAl to fend off the offer by investor Mr Marvin Davis.

**Canada** 

**FINANCIAL TIMES** 

TRANSPORT stocks lost heavily in morning trade in Toronto while communications companies did relatively well as the market continued to mark time. The composite index fell 13.8 to 3,968.2, declines leading advances 273 to 197 on volume of 15.4m

shares. Steinberg, a takeover target fell C\$1½ to C\$51. A Quebec court quashed the attempt by one bidder, Oxdon, to block a bid by two rivals Socanav and Colors of Oxebec

Bührmann-Tetterode, the paper group, reported a 39 per cent rise in first half profits

but the market pushed the

share price down Fl 1.30 to Fl 72.20. DSM, the chemical stock, lost Fl 2.10 to Fl 132.30 following its first half results

BRUSSELS was pulled to its

13th consecutive record high by the continued surge of

Cockerill, the state-owned steelmaker which announced a

capital increase last week.
While trading in many stocks was quiet on the last day of the forward market

account, Sambre closed BF184

up at BF1510, after touching

BFr520, on volume of 393,000

shares. The cash index closed 49.92 higher at 6,483.89.

STOCKHOLM plunged in the last hour of trading following a

downward revision by Aga of its forecast for 1989 which fol-

lowed figures below expecta-

tions from Electrolux and Pharmacia last week. The

Affärsvärlden index closed 13.3

on Friday.

The Nikkei average closed up 77.69 at 35,140.83, after moving between a high of 35,191.16 and a low of 35,068.12. Advances led declines by 491 to 383, while 226 issues remained unchanged. Volume at 468m shares edged up from Friday's 456m. The Topix index of all listed shares rose 6.58 to 2,659.08. In London trading, the

ISE/Nikkei 50 index was 0.81 up at 2,116.67. Investors' optimism about nigher prices has been based

Y90 from Friday. In spite of the fluctuations, interest remains in the stock on the basis that its price is considered low relative to the company's expected earnings in the April-June quarter, results of which are to be released this week.

Interest in cars carried over from last week, helping makers such as Mazda and Toyota to continue their strong performances. Mazda was firm in the morning, but later profit-tak-

Optimistic investors drive Nikkei to a record high

Tokyo

A FLUCTUATING Tokyo market, influenced by a strong per-formance by Wall Street on Friday and expectations of higher prices here this week, closed at a record high in thin trading, writes Yuriko Mita in

A stable dollar yen exchange rate underpinned the market, and the Nikkei opened on a firm note, consolidating the gains of recent days.

Momentum was lost in the

late morning, however, and prices drifted High-priced tech-nology issues, such as Sony and Pioneer Electronic, were sought, as were the heavy elec-tricals, such as Mitsubishi Electric, during the morning

on reports that company profits will be stronger this year than had been anticipated, and that share prices should rise to

meet those expectations. Analysts also presume that the launch of new investment trust funds this week will bring a large flow of capital into the market, and in partic-ular into stocks in the Nikkei

Sony was in demand in early trading from small-lot buyers, who helped push the issue to a high of Y8,970, before losing ground to close at Y8,900, down 1990 from Kyday. In spite of the

before edging down to close at Y2,700, up Y50 from Friday. With the September close of

half-year accounts rapidly approaching, brokerage houses have attempted to lift the market by buying heavily traded steel makers and shipbuilders. Ishikawajima-Harima Heavy Industries (IHI), the ship-builder and heavy machinery maker, was the most active issue, closing down Y10 at Y1,200 with a turnover of 18.77m shares, by far the larg-

est of the day. Nisshin Steel also attracted heavy buy orders, coming in third most active at 9.83m shares, and closing up Y50 at Y1,640.

Sekisui House, Japan's largest home builder and a signifi-cant dealer in property, was heavily traded with 11.49m shares on the expectation that land prices in Tokyo, which have dipped slightly, are now on the rise again. It gained Y30

Electricals and car makers were popular in Osaka, and the OSE average rose 77.19 to 35,184,39. Volume increased slightly to 63m shares from the 61m traded on Friday.

Roundup

LOW TURNOVER and mixed performance characterised Asia Pacific markets yesterday. HONG KONG slid to its lowest level of the month in light trading. China worries led the market to its fifth decline in consecutive sessions. The Hang Seng index closed 44.41 points lower at 2528.75 in turnover of HK\$748m, less than half of last Friday's HK\$1.6bn.

The properties sub-index fell by 3.3 per cent, while more moderate declines were registered by commercial and indus

trial shares and banks.

Monday's political fears con-centrated on the health of the Chinese leader Deng Xiaoping. Mr Deng's 85th birthday falls today, and the market is vaiting to see if he will make an appearance.

In the properties sector, Chenng Kong shed 15 cents to HK\$7.95, Hongkong Land 35 cents to HK\$7.75, New World Development 30 cents to

ing resulted in a fall of Y10 to Y1,100. Toyota Motor hit a year high of Y2,720 in the afternoon. HK\$9.65 and Sun Hung Kai Properties 40 cents to HK\$10.60. The top company in the banking sector, Hongkong & Shanghai Bank, dipped 10 cents to HK\$5.55 ahead of its first half earnings report. SINGAPORE was mixed. y Lai

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with falls leading rises by 126 to 86 and turnover of 5.3m shares lower at 103.3m. However, the Straits Times industrial index made another post-crash high, rising 5.53 to 1,387.01 from its previous best on Friday. AUSTRALIA ended firmer.

AUSTRALIA ended inflict.
Late buying orders reversed an earlier downward drift and lifted the All Ordinaries index by 5.4 to 1.722.4. Turnover fell to 102m shares valued at A\$166m from 129m and A\$254m respectively last Friday. respectively last Friday.

Brokers reported steady institutional support for Broken Hill Proprietary, Australia's biggest listed company, which firmed 10 cents to A\$10

on turnover of 1m shares. News Corp. due to announce results this week, firmed 5 cents to A\$17.50. IEL, the investment com-pany, was steady at AS2.26

with 500,000 shares traded after with 500,000 shares traded after last Friday's bid from Coroma. but Adelaide Steamship, which has built up a 12.5 per cent stake in IEL in recent months, rose 10 cents to A\$8.30.

NEW ZEALAND surged again with foreigners behind some of the buying. However, brokers said that much of the demand was from local invest-

demand was from local investment institutions which have been underweight in New Zea-land equities.

The Barclays index leapt another 41.96 points to end at a post-crash high of 2,362.97, after an overall gain of 4.7 per

Within that, Fletcher Challenge rose 12 cents to NZ\$5.37. following Friday's news that it has bought the Rural Bank from the Government for NZ\$550m. Brierley Investments remained popular, topping the volume charts with 1.5m shares traded and ending 3 cents higher at NZ\$2.47.

**SOUTH AFRICA** 

financials led a cautious advance as the market built on Friday's record close.

# 0 25 as

# Dollar's strength gives Frankfurt fresh lift

WEST German stocks regained their verve after last week's profit-taking, while there was a mixture of fresh highs and listless trade elsewhere, writes

Our Markets Staff. FRANKFURT surged as a strong dollar and expectations of rising earnings for leading German companies gave the market a powerful boost. The DAX index reclaimed most of last week's 2.1 per cent fall, rising by 1.7 per cent to 1,603.01 against a year's high of 1,609.93 at the close on August 10.

Dealers said that strong interest in motors and in the utility, Veba, spread into most other sectors as official bourse trading began. Deutsche Bank. which announced details of its move into life insurance yesterday, led the rise in the financial sector. "The consolidation is over," said a trader, as the FAZ index rose 7.86

Volkswagen closed DM16.50 higher at DM487.50, as the rising dollar and September's upcoming Frankfurt motor show encouraged speculative interest in the sector. Porsche rose DM8 to DM838. Daimler was up DM16 at DM803 before today's economics ministry hearing on its planned merger with the aerospace group MBB. Veba, which closed DM9.50

Austria

WORLD INDEX .

reports. The market also responded favourably to the Federal Cartel Office's go-ahead, reported last week, for a majority stakeholding by Veba in the paper to munitions group, Feldmühle Nobel

Company results brought rises of DM9.20 to DM192 for Lufthansa, which reported an 8 per cent rise in parent company pre-tax profit, and DM4.50 to DM799 for the engineering group. Linde, which saw an 18 per cent first half gain for its domestic operations.

MILAN finished higher across the board for the third consecutive session, led by industrial blue chips, insurance stocks and some financial holdings. The Comit index ended 5.12 higher at 720.41.

The insurance sector was boosted by speculative buying related to the French takeover battle for Victoire. Traders said La Fondiaria, of the Ferruzzi group, might get involved in Victoire's defence against the hostile Suez bid. Fondiaria rose L380 to L62,900. Generali gained L200 to L46,000 at its fixing, and climbed to L46,700 in after hours trading.

In the De Benedetti group, the computer manufacturer Olivetti continued Friday's

weeks of consistent decline, rising L175 to L9,445. Traders said that the sbares were being bought by interests close to Mr Carlo De Benedetti, in preparation for a L1,200bn capital increase this autumn.

MADRID gained further ground in higher volume than of late, with construction stocks and banks leading gains. Investors appeared to be discounting the possibility that the Government would call an

early election.

The expectation is that the Socialists would maintain or increase their majority, clear-ing up any uncertainties about implementation of a tough fiscal package. Shares have risen in the month before each of the past four elections, going back to 1977, said the analyst. The general index rose 1.56 to 314.74 in turnover estimated

at \$75m-\$80m, a considerable improvement on Friday's \$57m. Uralita, the building materials company, rose Pta165 to Pta4.250 on the continuous market. A 16 per cent rise in housing starts in the first four months of the year has boosted the stock, and there have also been rumours that the company would present consoli-dated results for the first half which would be very strong.

PARIS ended little changed after drifting in a narrow range throughout the session. Volume was estimated at below FFr1.5bn, with many people still on holiday and the end of the account tomorrow. The OMF 50 rose 0.19 to 508.98.
Club Med was actively sought, rising FFr28 to FFr655

after reporting a 59 per cent increase in first half profits. Suez rose FFr3 to FFr374.10 as the market awaited approval from the Commission des Opérations de Bourse for its bid for Cie Industrielle and Victoire.

Ingénico, the computer company, jumped FFr33, or 14 per cent, to FFr264.50 amid talk of a link-up with Siemens. ZURICH rose modestly in listless trading. Although most brokers said that the mood remains solidly bullish, they also saw room for moderate

profit-taking after a strong performance this summer. Banks and chemicals attracted scattered buying, while the insurance sector remained the target for profit-taking. The Credit Suisse Stock Index rose 1.7 to 668.6.

AMSTERDAM eased in a very thin day's trading, with the CBS tendency index shed-ding 0.1 to 198.2. There was some activity in international stocks, which ended slightly

down at 1,342.1. Aga free B-shares fell SKr20 to SKr255, Electrolux free-B shares SKr4 to SKr342 and Pharmacia SKr8 to SKr178. VIENNA hit a new high, with the bourse index up 2.66 at 422.33 in active trading.

# **GRADUATE** RECRUITMENT

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FINANCIAL TIMES

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MARKETS IN PERSPECTIVE

#### By Alison Maitland

Small markets make largest moves

+64.31

T WAS a week for taking stock – and profits – in the world's equity markets last week as the high level of share prices injected a dose of

The heavyweights, Japan, the US and the UK, all ended higher, but their gains were less than 1 per cent, while a number of continental European markets which have pean markets which have forged ahead, such as West Germany and Switzerland, suf-

fered an expected downturn. The sharpest moves were in smaller markets, such as Ireland, which fell 4.4 per cent in local currency terms after climbing 15 per cent in the pre-vious four weeks. It was hit by profit-taking in Jefferson Smurfit, the industrial group,

which had surged on plans to regroup its US interests.

The market was affected by the cautious tone of press comments on the plans, said Mr Joe Burnell of the Dublin brokers Davy's Bank and induskers Davy's. Bank and indus-trial shares were also hit by rumours that British & Commonwealth Holdings would try and finance group, with insti-tutions rather than putting it up for sale, he said. "The mar ket's had a very good run now and people don't see the need to dive in at these levels."

The week's best rise came from New Zealand, which continued its post-budget recovery with a 4.9 per cent advance to take its gains of the past four weeks to nearly 21 per cent. The buying was boosted by falling interest rates and better figures on the trade and cur-rent accounts, according to brokers Hoare Govett, who

said that overseas buyers still dominated the activity but that There were also gains of over 3 per cent in Norway and Denmark. In both cases it was mainly a technical move -Norway has had a hefty correc tion after sharp rises earlier in the year, while Denmark fell nearly 6 per cent the previous posed tax reforms. Oslo was also lifted last week by interest

in Norsk Hydro and the ship-

builders, and volume rose.

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS _		FRI	DAY AUGU	JST 18 198	9		THURSD/	AY AUGUST	17 1989	DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	(abbtox) sgo A6st	
Australia (85)	149.39	~ 0.5	141.48	131.21	-0.6	4.73	150.11	142.80	131.99	157.12	128,28	152,10	
Austria (19)	136.43	+ 1.1	129.20	138.89	+0.5	1.75	134.90	128.33	138.14	139.65	92.84	86.19	
Belgium (63)	133.19	+ 0.5	126.13	134.66	+0.0	4.11	132.57	126.11	134.69	137.97	125.58	110.62	
Canada (124)	151.10	+0.0	143.0 <del>9</del>	129.00	- 0.3	3.10	151.16	143.79	129.43	153.59	124,67	118.86	
Denmark (36)	1 <del>99</del> .76	+ 0.7	189.18	206.69	+ 0.3	1.52	198.30	188.64	206.06	219.89	165,35	122,44	
Finland (26)	137.11	+ 1.5	129.85	126.76	+ 1.1	2.17	135.06	128.48	125.33	159.16	125.81	124.46	
France (126)	126.25	+0.3	119.57	130.61	-0.5	2.89	125.92	119.78	131.30	133.44	112.57	90.50	
West Germany (100)	94.71	+0.7	89. <del>69</del>	96.28	+0.1	2.12	94.03	89.45	96.23	100.53	79.56	73.35	
Hong Kong (48)	108.00	~ 1.7	102 <i>.2</i> 8	108.25	- 1.7	5.00	109.89	104.54	110.14	140.33	88.41	104.39	
Ireland (17)	153.91	~ 1.1	145.76	159.11	-1.4	2.64	155.57	147.99	161.42	166.69	125.00	133.02	
Italy (97)	93.53	+ 1.6	88.58	98.08	+ 0.9	2.29	92.03	87.55	97.19	95.04	74.97	72.70	
Japan (455)	186.78	+0.7	176.88	168.53	-0.1	0.47	185.51	176.48	168.69	200.11	164.22	165.04	
Malaysia (36)	189.61	-0.4	179.57	196.22	~ 0.4	2.47	190.35	181.08	196.93	193.38	143.35	142.44	
Mexico (13)	280.24	+2.3	265.39	767.52	+0.7	0.66	273.86	260.52	762.04	280.24	153.32	150,83	
Netherland (43)	126.14	~0.1	119.46	126.89	- 0.8	4.08	126,29	120.14	127.91	130.67	110.63	103.23	
New Zealand (20)	82.30	+0.5	77.94	74.32	+ 0.0	4.56	81.88	77.90	74.33	82.30	62.64	77.60	
Norway (24)	181.00	+1.9	171.41	175.35	+1.5	1.47	177,64	168.99	172.76	198.39	139.92	116.03	
Singapore (26)	167.87	~0.9	158.98	151.85	- à.7	1.83	169.37	161.12	152.98	170.62	124.57	124.56	
South Africa (60)	154.06	+1.1	145.90	140.61	+ 1.1	3.95	152.40	144.98	139.09	154.97	115.35	116.02	
Spain (43)	155.30	+0.9	147.08	143.77	+0.3	3.58	153.95	146.45	143.39	158.06	143.14		
Sweden (35)	183.49	~ 0.6	173.77	180.03	-0.9		184.53					145.13	
Switzerland (84)	89.55	+0.6	84.81	93.61		1.93	89.05	175.55	181.60	188.94	138.45	113.43	
United Kingdom (308)	152.99	+ 1.1	144.89		-0.1	2.02		84.71	93.69	94.16	67.81	75.91	
USA (551)	140.87	+0.4	133.41	144.99	÷ 0.6	4.03	151.38	144.00	144.00	158.41	133.28	131.27	
				<u>140.87</u>	+0.4	3.24	140.28	133.45	140.28	142.07	112.13	106.44	
Europe (1001)	127.56	+0.8	120.80	125.44	+0.2	3.27	126,55	120.38	125.15	132.62	112.63	103.92	
Nordic (121)	169.35	+0.3	160.38	162.72	-0.1	1.75	168.88	160.66	162.86	178.38	137.95	109.33	
Pacific Sasin (670)	182.45	+ 0.6	172.78	164.87	-0.1	0.70	181,38	172.53	165.09	194.72	160.44	162.11	
Euro - Pacific (1671)	160.58	+0.7	152.08	149.03	+0.0	1.53	159.53	151.76	149.06	166.98	141.56	138.84	
North America (675)	141.38	+0.4	133.89	140.14	+0.4	3.23	140.83	133.97	139.62	142.64	112.79	107.10	
Europe Ex. UK (693).,	111.49	+0.6	105.58	113.45	-0.1	2.70	110,83	105.43	113.53	116.28	96,30	86.97	
Pacific Ex. Japan (215)	130.50	~ 0.8	123.59	119.05	- 0.9	4,49	131.52	125.12	120.09	137.65	111.93	126.81	
World Ex. US (1868)	160.26	+0.6	151.77	148.50	+0.0	1.60	159.24	151.48	148.52	168.35	141.49	137.93	
World Ex. UK (2111)	152.21	+0.5	144.14	145.99	+0.1	1.95	151.42	144.04	145.87	155.66	136.98	125.23	
World Ex. So. Al. (2359)	152.25	+0.6	144.19	145.90	+0.1	2.13	151.39	144.02	145.73	155.92	136.67	125.81	
World Ex. Japan (1964)	136.02	+0.5	128.81	134.36	+0.3	3.30	135.35	128.75	134.00	138.23	114.51	106.90	
The World Index (2419)	152.28	+0.6	144.20	145.86	<b>+ 0.1</b>	2.14	151,40	144.02	145.68	155.89	136.68	125.75	

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